Act XCII of 2003
on the Rules of Taxation

Chapter I
GENERAL PROVISIONS

Principles

Section 1

(1) The purpose of this Act is to govern taxation procedures in a uniform concept as consistent with the rights and obligations of taxpayers and the tax authorities with a view to ensuring the legality and effectiveness of such procedures.

(2) Taxpayers and the tax authority shall exercise their rights and fulfill their obligations in compliance with the provisions of this Act and other acts. If vested by law with discretionary powers, the tax authority shall exercise such right as consistent with the purpose of authorization and within the framework of law.

(3) In all matters, the tax authority must be unbiased and shall act without discrimination in accordance with the law.

(4) Unless otherwise provided for by international treaty, discrimination on the basis of nationality is prohibited in the tax matters of private individuals.

(5) The tax authority shall provide taxpayers with all of the information necessary to abide by the law; it shall inform taxpayers regarding tax returns and tax payment regulations and advise them in respect of exercising their rights. Taxpayers shall exercise their rights in good faith and shall cooperate with the tax authority in discharging its duties.

(6) The tax authority shall act equitably and reasonably, and if the conditions set out in this and in other acts are fulfilled, it shall abate tax debts or authorize some form of payment allowance.

(7) Contracts, transactions and other similar operations shall be judged in accordance with their true content. For the purposes of taxation, an invalid contract or any other transaction of the like shall be considered to have any bearing to the extent of the apparent economic results it carries.

(8) The transactions of affiliated companies shall be recognized at fair market prices for taxation purposes irrespective of whether or not the underlying contracts are concluded at fair market prices. This provision shall not apply if the conduct of the affiliated companies is consistent with market practices that could reasonably be expected from independent parties under the given circumstances.

(9) Where a conduct (act, omission) is declared unlawful or is considered unethical, it shall have no bearing on tax liability whatsoever.

Section 2

(1) All rights in tax-related matters shall be exercised within their meaning and intent. In the application of tax laws, contracts and other transactions contrived with the intent to evade the provisions of tax laws shall not be construed as exercised within their specific intent.

(2) In the cases under Subsection (1), the tax authority shall establish the tax taking into consideration all circumstances, in particular, the tax liability prevailing when rights are observed within their meaning and intent or, if the tax base cannot be established in this fashion, by estimation.

Scope

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Section 3

(1) The provisions of this Act shall govern the system of taxation of and central subsidies provided to:
   a) legal persons registered or having business premises in Hungary or otherwise engaged in economic (production, service, manufacturing, business) operations in Hungary;
   b) private individuals having a permanent residence or place of abode, or residing in Hungary on any other grounds;
   c) private individuals, legal persons and other organizations holding assets or engaged in any gainful activity in Hungary producing any income (profit);
   d) persons participating in administrative or court proceedings;
   (Paragraphs a)-d) hereinafter referred to collectively as “person”).

(2) Unless otherwise provided for by law, the provisions of this Act shall apply to free zones as well.

(3) This Act shall apply to any taxable person whose registered office or place of business, or permanent residence or place of abode is situated outside the Community, and who is engaged in supplying electronic services, as defined in the Act on Value Added Tax, to a non-taxable person whose registered office or place of business, or permanent residence or place of abode is situated in a Member State of the Community, provided that this taxable person has notified the state tax authority accordingly by way of electronic means (hereinafter referred to as “third-country taxpayer established outside the European Community”).

Section 4

(1) This Act shall apply to:
   a) mandatory payments related to taxes, contributions and duties payable - pursuant to the relevant legislation - to the central budget, extra-budgetary funds, to the Pension Insurance Fund, Health Insurance Fund or to municipal governments (hereinafter referred to collectively as “tax”);
   b) subsidies paid from the central budget or from extra-budgetary funds under the conditions set forth in an act of Parliament, in government or ministerial decrees (hereinafter referred to collectively as “central subsidies”);
   c) procedures related to such payments and central subsidies;
   if the assessment, collection, enforcement, refund, disbursement or control of such taxes and subsidies falls within the competence of the tax authority [the activities described in Paragraphs a)-c) hereinafter referred to collectively as “taxation”].

(2) As regards judicial enforcement and the system of records associated therewith, the provisions of this Act shall apply to outstanding public dues and administration and court fees that are prescribed by law to be enforced as taxes (outstanding public dues enforced as taxes).

(3) Unless otherwise provided for by this Act:
   a) in respect of tax advances, penalties, surcharges and expenses, the provisions on taxes shall be applied;
   b) in respect of applications for and payments of tax refunds, the provisions on central subsidies shall be applied.

(4) This Act shall not apply to social security benefits and to mandatory payments (taxes, duties, fees, contributions, costs, penalties, interest) falling within the scope of the Act on the Implementation of Community Customs Laws if the assessment, collection, enforcement, disbursement or control of such falls within the jurisdiction of the customs authority. This Act shall apply to:
   a) proceedings relating to the assignment of customs identification codes and to the registration of persons conferred by specific other legislation under the customs authority’s jurisdiction, subject to the exceptions set out in specific other legislation, and
   b) customs debts, in respect of the tax authority’s right of withholding pertaining to central subsidies.

Section 5

(1) Unless otherwise provided for by this Act or by other legislation pertaining to taxes, tax liabilities or central subsidies, the provisions of the Act on the General Rules of Administrative Proceedings and Services shall apply in respect of tax matters, with the exceptions set out in Subsection (2).

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(2) In tax matters the following provisions of the Act on the General Rules of Administrative Proceedings and Services shall not apply:

a) to the opening of proceedings, reopening procedures, regulatory services, and - with the exception of the operative dates of resolutions - to enforcement proceedings;

b) to the rules pertaining to preferential arrangements in terms of administrative time limits relating to taxpayers of minor age.

(2a) In connection with the appointment of an expert institution competent for the assessment of research and development activities the provisions of the Act on the General Rules of Administrative Proceedings and Services shall not apply pertaining to:

a) the appointment of an expert by recommendation of the client,

b) imposing an administrative penalty upon the expert appointed.

(3) In tax matters electronic communication shall be permitted where specifically authorized by the relevant legislation with the type of proceedings expressly indicated. The provisions of the Act on the General Rules of Administrative Proceedings and Services pertaining to electronic communication shall apply subject to the exceptions set out in specific other legislation.

(4) In tax matters the provisions of the Act on the General Rules of Administrative Proceedings and Services pertaining to requests shall apply subject to the exception that the taxpayer - unless otherwise provided for by the relevant legislation - shall not have the option to request the tax authority to contact another body with a data disclosure request.

(5) Above and beyond the provisions set out in Subsection (1), any derogation from this Act shall be allowed solely on the basis of Community legislation, international treaties promulgated by an act or government decree, or under the principle of reciprocity. Reciprocity shall be determined jointly by the minister in charge of taxation and the minister in charge of foreign policies.

Section 5/A

(1) In tax matters the administrative time limit - unless otherwise provided for in this Act - shall be thirty days, and it may be extended by maximum thirty days.

(2) Where this Act fails to prescribe the time limit for the execution of any procedural step, the tax authority shall take measures without delay, but within eight days, for having the procedural step in question carried out.

(3) In tax matters:

a) if lacking powers or jurisdiction the tax authority shall transfer the petition and other documents of the case within eight days to the authority vested with powers and jurisdiction;

b) in connection with any conflict of jurisdiction between tax authorities, the competent tax authority shall be determined within fifteen days;

c) the tax authority shall transmit the requests it has received without delay, but within five days to the body vested with competence to provide national legal assistance;

d) the tax authority shall comply with requests for national legal assistance:

da) within fifteen days if in the case in question any procedural step is necessary outside the area of jurisdiction of the requesting authority, or if it is justified by the client’s lawful interests or for reasons of cost-efficiency,

db) within eight days in other cases;

e) the director of the tax authority may extend the time limit for compliance with the request by fifteen days;

f) the tax authority may dismiss the petition without substantive examination within eight days;

g) if the petition submitted is incomplete, the tax authority may issue a request for remedying the deficiencies within eight days;

h) where any grounds for exclusion emerges:

ha) the relevant officer of the tax authority shall report it without delay, but within five days following the day on which the cause for exclusion emerges, or

hb) the client shall report it within eight days from the day of gaining knowledge;

i) an application for continuation with justification relating to the procedural step may be submitted within eight days from the time of becoming aware of the default or from the time the obstruction is eliminated, where applicable, but not later than within six months from the last day of the time limit or deadline in question.

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(4) The provisions contained in the Act on the General Rules of Administrative Proceedings and Services and in Paragraph (g) of Subsection (3) pertaining to the time limit for the issue of a request for remedying the deficiencies shall not apply to proceedings for the evaluation of requests for provisional tax assessment, for establishing the fair market value, and for investment tax incentives.

(5) Applications for tax authority certificates shall be fulfilled within eight days following receipt of the application.

Chapter II

TAXABLE PERSONS AND TAX AUTHORITIES

Taxable Persons

Section 6

(1) ‘Taxable person’ shall mean any person whose tax liability and tax payment obligation is prescribed by any legislation on taxes and central subsidies, or by this Act.

(2) Persons whose liability pertains solely to the payment of tax [Subsection (2) of Section 35] shall not be construed as taxable persons. Persons liable solely to pay tax may also exercise the legal rights of taxable persons.

(3) Unless otherwise provided for by law, the taxpayer - being the successor - shall be entitled to all the rights of the predecessor and shall be subject to the outstanding liabilities of the predecessor. If there is more than one successor, the liabilities of the predecessor shall be discharged by the successors as consistent with their respective shares of the assets, or they shall bear joint and several liability for unfulfilled liabilities. Unless otherwise agreed, the successors’ entitlement to central subsidies shall also be determined in accordance with their respective shares of the assets.

Representation of Taxable Persons

Section 7

(1) A private individual may be represented in front of the tax authority and ministry directed by the minister in charge of taxation - if he wishes not to handle the case in person - by his legal representative, by a lawyer, law firm, European Community jurist, tax expert, certified tax expert, tax consultant, accountant, an employee or member of a business association authorized to provide accounting, bookkeeping or tax consulting services, who provides proper proof of authorization, or by any other persons of legal age holding a power of attorney fixed in an authentic instrument or a private instrument with full probative force. A private entrepreneur may be represented in front of the tax authority and ministry directed by the minister in charge of taxation by his employee of legal age in possession of proper proof of authorization.

(2) A legal person or other unincorporated organization may be represented before the tax authority and ministry directed by the minister in charge of taxation by a person vested with power of representation or a legal counsel engaged under employment contract in accordance with the relevant regulations, by a member or employee of legal age in possession of proper proof of authorization, or by a legal counsel under contract, lawyer, law firm, European Community jurist, tax expert, certified tax expert or tax consultant, or by an employee or member of a business association or other organization authorized to provide accounting, bookkeeping or tax consulting services.

(3)-(4)

(5) Taxpayers may seek representation by giving a durable power of attorney or authorization, and may notify the tax authority thereof. In addition to the conditions laid down in specific other legislation, a durable power of attorney or authorization shall be recognized in proceedings in front of the tax authority if notified on the standard form prescribed by the tax authority. If the durable power of attorney or authorization, or the termination thereof, is notified by the taxpayer’s representative, the tax authority shall inform the taxpayer in writing concerning the receipt of notification. If a qualified or durable power of attorney or authorization is revoked or cancelled, the taxpayer

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affected must forthwith notify the tax authority to that effect; the termination of the right of representation may also be notified to the tax authority by the authorized representative or proxy in question. The right of representation shall be deemed effective or terminated vis-a-vis the tax authority effective as of the date when notified to the tax authority, however, on the day when termination of the right of representation is notified the authorized representative shall remain to be entitled to receive official tax documents.

(6)
(7)

Section 8

(1) Regarding the business operations of non-resident companies in the domestic territory, only the Hungarian branches of such companies shall be allowed to proceed in the name of and on behalf of them in taxation matters if the non-resident company is subject to the obligation to establish a branch or if it already has one.

(2) The aforementioned tax agent shall discharge the tax obligations of the non-resident company under Hungarian law and shall exercise its respective rights as well.

(3) If a non-resident company operates more than one branch, each branch shall be construed an independent entity regarding the tax liabilities in connection with their business operations; however, a legal statement that concerns the taxation of the other Hungarian branch or branches of the non-resident company may only be filed jointly by all of the branches involved.

Section 9

(1) Any non-resident company that is engaged in economic activities in Hungary without being required to establish a resident business entity may satisfy its Hungarian tax liabilities through a financial representative.

(2) The financial representative may be a business association with an equity capital of at least fifty million forints or bank guarantees for the same amount, with no outstanding tax debts owed to the tax authority. The financial representative shall provide proof to evidence compliance with these requirements simultaneously with the notification, and each year thereafter during the pursuit of the activity to the tax authority on its acceptance of agency.

(3) The financial representative shall notify the state tax authority within fifteen days of entering into or terminating its agency relationship with a non-resident company and shall also provide the non-resident company’s particulars and the number of the current account opened on behalf of the non-resident company for tax related transactions.

(4) Upon receipt of the above-mentioned notification, the tax authority shall register the non-resident company and its financial representative and shall issue a tax number under the name of the non-resident company.

(5) In the name of the non-resident company, the financial representative shall fulfill the non-resident company’s tax liabilities and shall exercise the rights of the company. During the life of the agency agreement for financial representation the non-resident company may not proceed in front of the tax authority in person, nor through another representative.

(6) The non-resident company and the financial representative shall be subject to joint and several liability for the company’s tax obligations. Termination of the agency agreement shall have no bearing on the non-resident company’s tax liabilities.

(7) The financial representative shall file the non-resident company’s tax return by way of electronic means.

(8) The financial representative shall keep separate files for the tax records of each non-resident company it represents.

(9) The tax authority shall make any payment of tax refund to a non-resident company that does not have a registered office or place of business in Hungary by transfer to the current account opened on behalf of the non-resident company for tax-related transactions.

(10) If agency is terminated in consequence of the non-resident company terminating its economic operations in Hungary, the financial representative shall prepare a final statement of accounts on behalf of the non-resident company. The financial representative shall retain all tax-related documents within the term of limitation of the right of tax assessment.

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Tax Authorities

Section 10

(1) Tax authorities are:
   a) the taxation branch of the Nemzeti Adó- és Vámhivatal (National Tax and Customs Authority) (hereinafter referred to as “NAV”), functioning as the state tax authority;
   b) the customs branch of the NAV, functioning as the customs authority (state tax authority and customs authority hereinafter referred to collectively as “state tax and customs authority”);
   c) the notaries of municipal governments (hereinafter referred to as “municipal tax authority”).

(2) The tax authority’s function shall include to maintain records of taxpayers and other persons not recognized as taxpayers, whose rights and obligations are prescribed in this Act or other acts pertaining to taxes or central subsidies, to assess taxes, central subsidies and tax refunds (if prescribed by law), collect and enforce taxes and other public dues enforced as taxes, control and supervise compliance with tax obligations and performance of tax liabilities, disburse central subsidies, effect payment of tax refunds, and maintain the tax accounts of taxpayers.

(3) In order to enforce the tax liabilities falling under its competence and the related rights of taxpayers, the tax authority shall initiate the opening of accounts for tax-related payment transactions, publish the numbers of these accounts, design and prescribe the necessary documents and ensure the necessary background for taxation.

(4) The tax authorities:
   a) shall exchange data and information in order to assist each other with a view to improving efficiency and to help taxpayers and other organizations specified by law to fulfill their obligations;
   b) shall cooperate with the tax authorities of the European Communities and the competent directorate-general of the European Commission so as to enforce the tax laws of the European Communities.

Supervision of Tax Authorities

Section 11

(1) The minister in charge of taxation and the minister appointed for the supervision of the NAV:
   a) shall exercise supervisory competence over the state tax and customs authority as laid down in this Act and in specific other legislation;
   b) shall monitor the legality of the taxation system of municipal tax authorities and oversee the operations of municipal tax authorities and the enforcement of acts and other legislation;
   c) shall present to the Government legislative bills concerning the organizational structure of the municipal taxation system, propose structural changes, coordinate the exchange of information between the various tax agencies, and make proposals for drafting bills concerning these areas;
   d) may request the directors of municipal tax authorities to file reports, accounts and data and information in the interest of overseeing the legal and technical aspects of taxation and - where required in connection with their responsibilities conferred by law - may request information concerning any taxpayer;
   e) shall overturn or annul any unlawful resolution (ruling) made in taxation matters falling within the competence of municipal tax authorities by the Budapest and county government agencies (hereinafter referred to as “government agency”), and shall instruct them to carry out the procedure in the event of their failure to adopt a resolution or ruling due to unlawful negligence.

(2) The minister in charge of taxation may not delegate the duties specified in Paragraph b) of Subsection (1) to others.

Availability of Documents for Inspection

Section 12
(1) Taxable persons and the persons required to pay tax under Subsection (2) of Section 35 shall be entitled to review documents pertaining to their taxation matters. This entitlement shall include the right to make or request copies of all of the documents that are necessary for the enforcement of their rights and for the fulfillment of their obligations.

(2) In respect of documents pertaining to the disclosure of data, access may be restricted until the commencement of an audit if it is presumed that knowledge of the contents of such documents would frustrate the conclusion of the audit. The tax authority shall restrict access to documents by way of a ruling.

(3) The taxpayer may not inspect:
   a) the internal correspondence between the tax authority and the supervisory body relating to the decision-making process;
   b) the draft of the resolution (decree);
   c) the report (document) that contains the personal data of a witness or any other person involved in the proceedings, if the tax authority declared these data confidential;
   d) any document that contains classified information without proper clearance for use;
   e) any part of a document that contains tax secrets pertaining to another person, the knowledge of which is in violation of the law;
   f) any document containing information that is afforded protection by law, where such information is prevented by the legislation in which protection is prescribed.

Self-Audit

Section 13

(1) Unless otherwise provided for by this Act, taxpayers shall be entitled to audit themselves if they pay taxes by self-assessment. From a judicial standpoint, a taxpayer’s request for the subsequent modification of the amount of tax levied in accordance with his tax return, by making changes in such tax return, shall be construed as self-audit.

(2)

Tax Liability

Section 14

(1) Taxpayers shall be subject to the following obligations, as prescribed by law or by this Act, in the interest of the assessment and payment (disbursement) of taxes and central subsidies:
   a) registration, filing formal statements;
   b) tax assessment;
   c) filing of a tax return;
   d) payment of taxes and tax advances;
   e) to issue and retain accounting documents;
   f) to keep records (bookkeeping);
   g) disclosure of data;
   h) deduction and collection of taxes;
   i) to open a payment account and to effect payments related to taxable activities by way of the means prescribed in this Act;

   [Paragraphs a)-i) hereinafter referred collectively to as “tax liability”].

(2) The provisions set out in Paragraphs g) and h) of Subsection (1) shall not apply to taxpayers who are private individuals, if they are not registered as an entrepreneur, employer or payer or if they are not liable to collect specific local taxes. Taxpayers may also be exempted from other obligations by law.

(3) Taxpayers shall be eligible for central subsidies only after having satisfied all of the reporting or declaration, statement and assessment obligations pertaining to such subsidies.

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(4) In the event of liquidation or dissolution, the liquidator or receiver, respectively, shall discharge the obligations of the taxpayer as mentioned in Subsection (1) hereof and shall exercise the rights of such taxpayer as of the opening of the liquidation or dissolution proceedings. In the event of any infringement by the liquidator or receiver, the default penalty shall be imposed upon the liquidator in the case of liquidation or upon the receiver in the case of dissolution, however, the liquidator or receiver shall not be sanctioned by default penalty if able to evidence that the infringement is attributable to reasons beyond his control.

(5) The rights and obligations of venture capital funds regarding tax liability shall devolve upon the manager of the fund.

(6) The tax liabilities of a pre-company shall be satisfied following registration by the business association, professional association, cooperative, forest management association, water management associations, as the case may be, and they shall be responsible for any liabilities, fulfilled or pending, of the pre-company and exercise the rights of such pre-company.

(7) Unless otherwise provided for by law, in the application of this Act or other statutory provisions on tax, customs duty, compulsory contributions or budgetary subsidies, the provisions pertaining to business associations, professional associations, cooperatives, forest management associations, water management associations shall also apply regarding their pre-companies.

(8) Private entrepreneurs, lawyers and patent agents, and notaries public shall be exempted from taxation-related obligations connected to any duration of suspension of operations or services and incurred in that capacity, including the obligation of maintaining a current account.

(9) Private entrepreneurs, lawyers and patent agents, and notaries public shall not be entitled to claim or request any tax refund or apply for central subsidies in connection with and subsequent to the duration of suspension of their operations or services, in that capacity, unless otherwise provided for in an act or other legislation enacted under authorization of an act, and may not request the repayment of any amount overpaid during the same period. In the case of private entrepreneurs, the period of suspension shall cover the period beginning on the first day and ending on the last day of suspension as shown in the register of private entrepreneurs.

Section 15

As to whether tax revenues and central subsidies are to be paid into or from the central budget, an extra-budgetary fund or a municipal government’s budget shall have no bearing on the rights and obligations of taxpayers and persons liable to pay tax.

Chapter III

DEFINITION OF TAX LIABILITIES

Registration Procedures

Section 16

(1) All taxpayers engaged in taxable activities must have tax numbers, subject to the exceptions laid down in Sections 20-21.

(2) Taxpayers wishing to pursue taxable activities shall register with the state tax authority in order to receive a tax number.

(3) For registration, taxpayers shall provide the following information to the state tax authority:
   a) name (corporate name), concise company name, or the tax identification code if a private individual, for non-resident companies the tax number issued by the relevant authority of the state where established;
   b) address, registered office, the main office of central business administration if other than the registered office, place or places of business and, if official notices are posted on the company’s official website, the company’s electronic address (website), and the place of effective management if the business association is registered in more than one States;

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c) the date and number of the instrument of constitution (charter document, articles of incorporation, deed of partnership, articles of association) and the name (corporate name) and address (registered office) of the representative authorized in accordance with the relevant regulations and of the auditor, including the date of entering into and - if for a fixed period - the date of termination of the relevant contract, the authorized representative’s tax identification code, and if the auditor is an economic organization, the name and home address of the person assigned to the business association in question;

d) legal form, list of activities, in the case of companies the main activity and the activities in which the company is actually engaged, in the case of private entrepreneurs the main activity and other activities in accordance with Regulation (EC) No. 1893/2006 of the European Parliament and of the Council of 20 December 2006 [hereinafter referred to as “Regulation (EC) No. 1893/2006”] establishing the statistical classification of economic activities NACE Revision 2, in connection with the suspension of activities of private entrepreneurs, the first and last day of suspension, furthermore, the statistical code;

e) the corporate name (name), address (place of business, residence) and tax identification number of the owner (owners) of unincorporated business associations, private limited-liability companies, groupings and joint companies, the corporate name (name), address (place of business, residence) and tax identification number of the shareholder controlling over 50 per cent of the votes or having qualified majority control in a private limited company, furthermore, in connection with private limited-liability companies and private limited companies, an indication where the voting rights held by a member (shareholder) exceeds 50 per cent or if a member (shareholder) acquires qualified majority control;

f) the mailing address of private individual taxpayers, if other than his registered address or place of business, and the name and address (registered office) of the agent for service of process of foreign nationals having no place of residence in Hungary;

g) the place where official documents, electronic accounting documents, records and registers are deposited, if other than the taxpayer’s registered office or home address;

h) name of predecessor, if any, and the tax identification number of the predecessor;

i) in respect of private individuals working in self-employment, the form of exercising such activities (full or part-time, part-time activities of retirees), activities performed while receiving benefits provided before the legal age limit, service emoluments, ballet dancers’ annuities or provisional miners’ allowances

j) the statement prescribed in Subsection (1) of Section 22;

k) selection of flat-rate taxation, if applicable;

l) the balance sheet date of the financial year, if it does not coincide with the calendar year;

m) an indication if registered as a public-benefit organization.

n) the amount of the subscribed capital of taxpayers notified under Paragraph b) of Subsection (1) of Section 17;

o) as regards the Hungarian branches of nonresident companies, the corporate name, address, registered number (registration number) of the nonresident companies;

p) the place where the taxpayer’s effective management is located, where residence for tax purposes is determined according to the location of the place of effective management.

q) in the case of civil society organizations, the court registration number, the main activity and the activities actually pursued, and the name and tax number of its organizational divisions recognized as independent legal entities, if any;

r) the name, court registration number and, if available, tax number of the civil society organization if the organizational division of the civil society organization recognized as an independent legal entity applied for a tax number.

(4) Employers and payers (including the private entrepreneurs referred to in Paragraph b) of Section 4 of Act LXXX of 1997 on the Eligibility for Social Security Benefits and Private Pensions and the Funding for These Services (hereinafter referred to as “SPA”), if not engaged in auxiliary activities, and insured small-scale agricultural producers and the persons referred to in Section 56/A of the SPA) shall supply to the competent state tax authority of the first instance - by way of electronic means or using the standard form prescribed for this purpose - and indicating their tax identification number, name, corporate name, registered office, place of business, home address, including the predecessor’s name and tax number - the natural identification data of insured persons in their employ, as well as their nationality, tax identification code, the date of commencement and termination and the code of the insurance relationship, the length of any period of suspension of insurance, the weekly work time, the FEOR code. The notification shall be sent:

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a) concerning the commencement of the insurance relationship, before the first day of the insurance relationship or on the first day of the insurance relationship before the first day in employment; in connection with job-seeking assistance, within ten days of the operative date of the resolution for granting the assistance, or if the insurance is evaluated subsequently, on the day following the day of the establishment of insurance obligation;

b) within eight days following the date of termination of a relationship, the commencement and termination of suspension;

c) if the employer is terminated by succession, by the successor employer or payer in respect of the affected insured persons referred to in Paragraphs a)-c), f)-g) of Subsection (1) and Subsection (2) of Section 5 of the SPA. The notification shall indicate the name, corporate name and tax number of the predecessor, the fact and date of succession, as well as the name, corporate name and tax number of the successor, and the date of establishment of the successor. The type of data to be notified shall be governed under this Subsection, while the deadline of notification shall be governed under Paragraphs a) and b).

(4a) Where an employer is liable to apply the general provisions of the Personal Income Tax Act and the SPA on taxation and contribution payment obligations due to exceeding the limits specified in Act LXXV of 2010 on Simplified Employment (hereinafter referred to as “SEMA”), the person(s) employed under a simplified employment scheme shall be notified - by way of the means specified in Subsection (4) - as insured persons within eight days from the time when the infringement was discovered. However, there is no need to notify - pursuant to Subsection (4) - for insurance purposes any natural person who was notified as employed under a simplified employment scheme, yet he did not perform any work and - consequently - no income was paid.

(4b) In connection with an employment relationship concluded with several employers (Section 195 of Act I of 2012 on the Labor Code), upon entering into the employment relationship the employers shall designate an employer in writing for the fulfillment of tax obligations, and to inform the employee of the employer designated. In the absence of such designation, either of the employers involved in the employee sharing may be ordered to fulfill the tax obligations stemming from the employment relationship concluded with several employers. The employer designated shall fulfill his tax obligations with respect to the employee in his own name. In the notification referred to in Subsection (4) the designated employer shall indicate the tax identification number, name, corporate name and registered address of the other employers involved in the same employment relationship (for the purposes of this Section hereinafter referred to as “other employer”), and the date of joining and quitting the employee sharing arrangement concluded with several employers. Paragraphs a) and b) of Subsection (4) shall also apply to the time limit for such notification.

(5) The state tax authority shall - in accordance with Subsections (4) and (4b) - immediately forward the data it has received from employers and payers by way of electronic means to the health insurance administration agency for the records of insured persons, also by way of electronic means. The state tax authority shall forthwith process the notices received from employers and payers on paper and shall forward them electronically to the health insurance administration agency for the records of insured persons.

(6) Of the data received from employers and payers according to Subsections (4) and (4b), the state tax authority shall - without delay or after the processing referred to in Subsection (5) - disclose by way of electronic means to the employment authority the particulars for the identification of the employers, or, in the case of employment relationships concluded with several employers, the employer covered by the Labor Code, who is not treated as an employer under this Act, including the date of joining and quitting the employee sharing arrangement concluded with several employers, and the particulars for the identification of payers, the personal data of insured persons, as well as their nationality, the date of commencement and termination and the code of the insurance relationship, the length of any period of suspension of insurance, the weekly work time, the FEOR codes, and the time of their notification, all known bank account numbers of the taxpayer and, furthermore, the data referred to in Subsection (11). The state tax authority - with a view to establishing participation in interest reconciliation at the national or sectoral level - shall transmit by way of electronic means the classification of the employer’s main activity according to Regulation (EC) No. 1893/2006 - from among the information specified in Subsection (3) - within fifteen days at the request of the authority empowered for establishing participation under specific other legislation, furthermore, with a view to establishing participation in interest reconciliation at the sectoral level, information relating to the employer’s annual net revenues - as shown in his tax return - for the second year preceding the current tax year. The state tax authority shall - without delay after processing - transmit by way of electronic means the data notified by the employer according to the Act on Simplified Employment to the employment authority, the government employment agency and to the health insurance administration agency for the records of insured persons.

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(7) Employers and payers included in the sphere of the treasury pursuant to Act CXCV of 2011 on Public Finances (hereinafter referred to as “PFA”), or that fall under the scope of specific other legislation on the net financing of municipal governments and on the central payroll accounting system shall convey the notification referred to in Subsection (4) above in accordance with the PFA and its implementing decrees.

(8) The obligation of notification referred to in Subsection (4) shall not apply to any payer who provides non-regular payments to any private individual engaged under a personal service contract that entails any tax or social security contribution payment obligation, provided that the private individual in question is able to verify at the time of payment that he is covered by the social security system under another relationship or status referred to in Section 5 of the SPA during the life of the said personal service contract.

(9) Pre-companies shall comply with the notification requirement described in Subsection (4) on paper, with no tax number indicated, covering the period ending on the day of submission of the application for registration. Upon receipt of a tax number, pre-companies shall re-submit within eight days the personal data specified in Subsection (4) of insured persons in their employ during the period before the submission of application for registration, indicating their tax number and the case number assigned by the tax authority.

(10) Pre-companies shall comply with the notification requirement described in the SEMA by way of electronic means, through the central electronic services network, with no tax number indicated, covering the period ending on the day of submission of the application for registration. Upon receipt of a tax number, pre-companies shall re-submit within eight days the personal data specified in Subsection (3) of Section 11 of the SEMA of insured persons in their employ within the framework of the SEMA during the period before the submission of application for registration, indicating their tax number and the case number assigned by the tax authority.

(11) As regards any member of a school cooperative who is not considered insured according to Paragraph b) of Subsection (1) of Section 5 of the SPA and who is participating in the cooperative’s activities in person under an employment relationship entered into according to Section 223 of Act I of 2012 on the Labor Code, the employer school cooperative shall - by way of derogation from Subsection (4) - disclose to the state tax authority on the day of conclusion of the employment relationship:
   a) the tax number of the employer (school cooperative);
   b) the tax identification code and social security identification code, and the student card number of the employee (school cooperative member);
   c) if the employee (school cooperative member) is also a full time student, the tax number and name of the other school cooperative employers involved in the employment relationship the school cooperative member has concluded with several employers, and the date of joining and quitting the employee sharing arrangement concluded with several employers.

The employer (school cooperative) shall inform the state tax authority on the termination of the employment relationship of the employee (school cooperative member) within eight days following the date of termination. In the event of succession, the provisions of Paragraph c) of Subsection (4) hereof shall also apply.

(12) The employer (school cooperative) shall comply with the obligation of notification by means of the procedure prescribed for simplified employment arrangements:
   a) by way of electronic means, through the central electronic services network (customer port of entry); or
   b) by phone through the call center.

Section 17

(1) A taxpayer,
   a) if his tax liability or taxable activity is recognized as private entrepreneurial activities according to the Act on Private Entrepreneurs, shall submit an application (properly completed form) for a tax number addressed to the authority appointed to control and monitor the activities of private entrepreneurs, where such application shall also constitute compliance with the obligation to register with the state tax authority;
   b) if allowed to engage in for-profit business activities only after submission of an application for company registration, shall apply for a tax number by submitting an application (completed form) for registration, including the relevant enclosures, to the competent court of registry, where such application shall constitute compliance with the obligation to register with the state tax authority;

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c) if his tax liability or taxable gainful activity does not fall within the scope of Paragraphs a) and b), shall satisfy his obligation of registration by submission of the prescribed form to the state tax authority prior to commencement of such activities. In the event that the taxpayer - unlawfully - complies with his obligation of registration following the commencement of activities, the time of the opening of activities shall be notified to the tax authority in writing during the registration process.

(2) The competent court of registry and the authority appointed to control and monitor the activities of private entrepreneurs, and in connection with civil society organizations and the organizational divisions of the civil society organizations recognized as independent legal entities the court shall transmit to the state tax authority the information listed under Subsection (3) of Section 16 - which is provided in the application for company registration, for the registration of civil society organizations and the organizational divisions of the civil society organizations recognized as independent legal entities, or in the applications of civil society organizations and the organizational divisions of the civil society organizations recognized as independent legal entities for tax number, or for the issue of private entrepreneurial licenses, including the data from the statement described in Paragraphs j) and k) of Subsection (3) of Section 16 and from the statement pertaining to the main activity of the taxpayer - through a designated computer network. On the basis of the name (corporate name), address (registered office), registered number or private entrepreneur register number of the taxpayer, or the court registration number in the case of civil society organizations and the organizational divisions of civil society organizations recognized as independent legal entities, which are required for assigning a tax number, or on the basis of the statement described in Subsection (1) of Section 22, the state tax authority shall use a computerized system to inform the competent court of registry or the court in the case of civil society organizations and the organizational divisions of the civil society organizations recognized as independent legal entities, and the authority appointed to control and monitor the activities of private entrepreneurs of the tax identification number of any taxpayer who wishes to engage in taxable activities; or if the tax identification number cannot be issued, it shall notify the requesting agency thereof in a reasoned statement. The state tax authority shall notify the competent court of registry, the court in the case of civil society organizations and the organizational divisions of civil society organizations recognized as independent legal entities, and the authority appointed to control and monitor the activities of private entrepreneurs by sending a copy of the definitive resolution on the refusal to issue a tax number.

(2a) As regards the taxpayers referred to in Paragraph b) of Subsection (1) of Section 17, the resolution of the tax authority on refusing to issue a tax number may not be considered operative if the time limit for judicial review has not yet expired or the court proceedings initiated by the taxpayer for review of the resolution have not been concluded definitively. In the application of Subsection (2), the resolution of the tax authority on refusing to issue a tax number may not be considered operative even if the time limit for judicial review of the resolution adopted for refusing the justification request submitted according to Subsection (4) of Section 24/C has not yet expired, or the court proceedings initiated by the taxpayer for review of the resolution have not been concluded definitively.

(3) The taxpayers described in Paragraph a) of Subsection (1) and the taxpayers mentioned in Paragraph b) of Subsection (1) shall report the following to the state tax authority, respectively, at the time of notification or within fifteen days of the date of submitting the application, from among the information listed under Subsection (3) of Section 16:

a) the place where official documents, electronic accounting documents, records and registers are deposited, if other than the taxpayer’s registered office or home address;

b) the tax identification number of his predecessor, if any;

c) the tax identification number of the owner (owners) of joint companies, or if the owner of an unincorporated business association, private limited-liability company, grouping or joint company does not have a tax identification code, the data prescribed in this Act to have one assigned;

d) the mailing address of private individual taxpayers, if other than their registered address or place of business;

e) any business establishment that they may have under Point 27 of Section 178 and that was not previously notified to the court of registry.

(3a) Civil society organizations shall report their particulars specified in Paragraphs a) and c) of Subsection (3) in writing to the state tax authority within fifteen days of the date of submission of the notification, from among the information listed under Subsection (3) of Section 16.

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(4) If a taxable (gainful) activity is subject to authorization, consent or endorsement, the receipt of such authorization, consent or endorsement shall be notified to the tax authority within fifteen days of the date when the said authorization, consent or endorsement is granted, with the exception of the taxpayers described in Paragraph a) of Subsection (1).

(5) The taxpayers required to submit their tax returns electronically under Subsection (9) of Section 175 shall apply to the competent district (Budapest district) offices of Budapest and county government agencies (hereinafter referred to as “district office”) within eight days following receipt of the tax number to set up a customer port of entry, and shall notify the state tax authority accordingly within eight days of the time of availability of the customer port of entry. If the taxpayer has already set up a customer port of entry before receiving the tax number, the eight-day time limit for notification shall apply as from the time of receipt of the tax number. If the taxpayer has a representative or proxy to whom a durable power of attorney or authorization has been granted to satisfy his obligation of declaration and data disclosure by way of electronic means, the representative or proxy shall disclose the name, corporate name and tax identification number of the taxpayer he represents to the tax authority within eight days following the date of the said power of attorney or authorization.

(6) Employers and payers shall notify the state tax authority regarding their status as such, regardless of whether or not they are subject to any other tax liability. In this case, said notification shall be filed within fifteen days of the first payment subject to tax liability.

(7) A private individual taxpayer, if lacking a tax identification code at the time when applying for registration at the state tax authority, shall satisfy his obligation set out in Subsection (1) of Section 20 concurrently with the application.

(8) The state tax authority shall notify the taxpayer who is not required to set up a customer port of entry regarding his registration within thirty days. Such notice shall include all his data and particulars contained in the records.

(9) With the exception of private individuals not engaged in entrepreneurial activities, the person buying goods or services for cash shall report to the state tax authority within fifteen days of effecting cash payment:

a) if it is in excess of one million forints between affiliated companies,

b) if it is in excess of two million forints in other cases.

(10) Legal persons and unincorporated business associations to which a nonresident private individual has been posted to perform work - other than self-employment - in a temporary assignment at its main office or establishment during the tax year shall notify the state tax authority before the date of taking up activities, or before the day of entering Hungary if arriving for the purpose of gainful employment previously:

a) the nonresident private individual in question is expected to incur personal income tax liability - based on the circumstances known at the time of taking up the pursuit of activities - for the tax year in accordance with the Personal Income Tax Act, the relevant international agreement on double taxation or under reciprocity, and

b) the nonresident private individual in question is subject to personal income tax liability due to changes in the circumstances known at the time of taking up the pursuit of activities for the tax year in accordance with the Personal Income Tax Act or the relevant international agreement on double taxation.

The aforementioned notification shall be made within thirty days from the date of taking up the pursuit of the activity in the case of Paragraph a), or from the date of commencement of personal income tax liability in the case of Paragraph b).

(11) The notification referred to in Subsection (10) shall contain:

a) the non-resident private individual’s natural identification data, home address and nationality;

b) the date of commencement of work;

c) the name, registered office (place of business) or home address of the foreign organization or private individual posting the worker for employment.

(12) The persons referred to in Subsection (10) above shall notify the state tax authority concerning the time of termination of employment of a non-resident private individual who has been posted to perform work in a temporary assignment at its main office or establishment, and - if such information as available in connection with the performance of work - the time of leaving the country. The notice shall be sent thirty days before the termination of employment or before the time of leaving the country. If the time of termination of employment is not available at that time span on account of having the employment terminated with immediate effect or for any other reason, the notice shall be sent to the state tax authority on the day following the day of termination of employment with the reasons indicated.

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(14) Private entrepreneurs shall notify their scope of activities in accordance with Regulation (EC) No. 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 using the codes contained in the Önálló vállalkozások tevékenységi jegyzéke (Nomenclature for the activities as self-employed persons) (ÖVTJ). Taxpayers engaged in any taxable activity in possession of a tax number as private individuals shall notify their scope of activities to the state tax authority indicating the relevant ÖVTJ codes.

(15) The state tax authority shall notify the court ordering registration of the civil society organization concerning the issue of the tax number and shall disclose the civil society organization’s particulars through a designated computer network.

(16) Taxpayers shall file a notice by 31 August each year if they are to be recognized as a company with real estate holdings under the Act on Corporate Tax and Dividend Tax, or if their such status has terminated. Companies with real estate holdings shall disclose information in the above-specified notice - relating to the calendar year preceding the time when the corporate tax return was submitted - concerning the sale of any share in the company by its nonresident members, the time of sale, the face value of shares, and on the member's state of residence.

(17) In connection with temporary agency work, the user enterprise shall notify the state tax authority:
   a) on the day before the first day of employment, or at the latest on the first day of employment, the temporary agency worker’s name and tax identification code - or failing this his natural identification data and home address - and the temporary-work agency’s name and tax number, and the first day of employment,
   b) on the day following the last day of employment, the temporary agency worker’s name and tax identification code and the temporary-work agency’s name and tax number, and the last day of employment.

Section 17/A.

(1) In connection with the bodies governed by public law that are engaged in taxable activities, and other legal persons applying the regulations relating to the financial management of bodies governed by public law and those which are to be registered by the treasury (hereinafter referred to as “legal person shown in the public register”), in addition to the information specified in Subsection (3) of Section 16, the following information relating to the legal person shown in the public register shall also be notified to the state tax authority:
   a) the name, address, registered office, or the main office of central business administration in the absence of a registered office (hereinafter referred to collectively as “registered office”) of the founder or the body exercising founder’s rights (proprietor), if the body exercising founder’s rights has a tax identification number, this tax identification number also included;
   b) the name and registered office of the governing or supervisory body, including the tax identification number where applicable;
   c) in the case of reorganization or transformation (merger, demerger), an indication thereof, including the time when it took place;
   d) the name and registered office of the successor (successors), including the successor’s tax identification number where applicable;
   e) the time of commencement and termination of taxable activities;
   f) accounting and financing method (net, gross), and the payroll accounting system employed, including the venue (whether or not the legal person shown in the public register uses the central payroll accounting system).

(2) Legal persons shown in the public register engaged in taxable activities shall apply for a tax number simultaneously with the application for admission into the treasury's register, where such application shall also constitute compliance with the obligation to register with the state tax authority. The treasury shall transmit to the state tax authority - via the designated computerized system - the particulars of the legal person shown in the public register - listed under Subsection (1) of this Section and in Subsection (3) of Section 16 - which are available from the application for admission into the public register, including the data contained in the statement referred to in Paragraph j) of Subsection (3) of Section 16.

(3) Any legal person shown in the public register already admitted to the public register, if it did engage in any taxable activity at the time of admission into the public register, shall also satisfy the obligation to register with the state tax authority via the treasury. In the event that the legal person shown in the public register - unlawfully - complies with the obligation to register with the state tax authority following the commencement of taxable

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Section 18

(1) As regards the registration of branches acting as tax agents and direct commercial representations, the provisions pertaining to the registration of business associations shall apply mutatis mutandis.

(2) Branches and direct commercial representations of a non-resident company shall submit the official Hungarian translation of a document, issued by the tax authority of the country of origin within ninety days to date, verifying the registry of the non-resident company to the state tax authority within fifteen days of receiving notice concerning its tax number, and shall report other branches, and their tax numbers, of such non-resident company operating in the territory of Hungary.

Section 19

(1) In respect of taxes falling under the jurisdiction of municipal tax authorities, with the exception of self-assessment and collection of specific local taxes, taxpayers shall report their tax liability by filing their tax returns.

(2) In respect of taxes established by self-assessment or collection of specific local taxes, taxpayers shall report the commencement of tax liability within fifteen days (commencement of operations) to the municipal tax authority using the standard form prescribed for this purpose. Taxpayers pursuing business activities on a temporary basis shall notify the municipal tax authority at the time of taking up such taxable activities. The aforementioned obligation of notification shall be satisfied by filling out the prescribed form.

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(3) Taxpayers shall supply the data specified under Subsection (3) of Section 16, with the exception of Paragraph j), to the competent municipal tax authority.

(4) Persons required to collect specific local taxes shall notify the municipal tax authority regarding their status as such within fifteen days of the commencement of such obligation even if they are not subject to any other tax liability.

Section 20

(1) Private individuals not engaged in entrepreneurial activities, if not pursuing any activities that are subject to value added taxes and not having a tax identification number, prior to

a) receiving any revenues subject to income tax liability,

b) applying for central subsidies,

shall fill out the prescribed form to report their natural identification data and home address, furthermore the nationality of private individuals of citizenship other than Hungarian, to the state tax authority in order to receive their tax identification codes. The state tax authority shall be entitled to compare such notified natural identification data and home address with the information indicated in the private individual’s personal identification document and official address card. On the basis of this notification, the state tax authority shall issue a tax identification code for the private individual within fifteen days and shall issue an official instrument therefor (hereinafter referred to as "tax identification card").

(2) The state tax authority shall cross-reference the natural identification data and home address reported by taxpayers with the data on file at the central body operating the register of personal data and address records of citizens.

(3) In respect of the tax identification code, the state tax authority shall issue a temporary tax identification card for a period of sixty days if the data reported by the private individual according to Subsection (1) differs from those received from the central body operating the register of personal data and address records of citizens.

(4) In order to clarify the discrepancy described in Subsection (3) above, the state tax authority shall request the private individual to verify the information reported. If the information verified by the private individual and thereby corrected in the records of the state tax authority should fail to coincide with those in the personal data and address records, the state tax authority shall, without delay, contact the district office of competence according to the place of abode of the private individual. The state tax authority may grant an extension of sixty days for the temporary tax identification card if the discrepancy of data cannot be corrected within its original period of validity.

(5) In respect of temporary tax identification cards, the provisions of Act XX of 1996 on the Methods of Identification and on the Use of Identification Codes Replacing Personal Identification Numbers pertaining to official certificates and tax identification cards shall apply, with the exception that temporary tax identification cards shall contain their period of validity as well.

(6) Private individuals shall notify the state tax authority regarding the commencement and termination of payment obligations under Subsection (2) of Section 39 of the SPA within fifteen days. Based on this notification, the tax authority shall prescribe the monthly payment obligations for the tax year on the private individual’s tax account, and register the payments received. In accordance with the provisions of Subsection (1) above, the state tax authority shall issue a tax identification code to the private individual who does not yet have one.

(7) By way of derogation from Subsection (6), private individuals shall not be required to notify the termination of payment obligations under Subsection (2) of Section 39 of the SPA, if such payment obligation terminates on account of entering into a relationship that is subject to insurance, and that was notified to the state tax authority in due compliance with Subsection (4) of Section 16. The tax authority shall ex officio inform the private individual affected concerning the termination of his obligation to pay healthcare services contributions. The state tax authority, relying on the notice received in respect of the commencement of a relationship that is subject to compulsory insurance, shall supply data concerning the ceased obligation to pay healthcare services contributions within ten days by way of electronic means to the body vested with authority to manage the Health Insurance Fund.

(8) The tax authority shall cross-reference the particulars of persons not contained in the register of persons eligible for healthcare services as insured persons or persons with eligibility for healthcare services on other grounds, maintained by the health insurance administration agency, that were supplied to the tax authority under Section 44/B or Section 44/C of the SPA:

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a) with the data supplied under Subsection (2) of Section 31 of this Act broken down according to private individuals;
b) with the records on persons liable to pay healthcare services contributions in accordance with Subsection (2) of Section 39 of the SPA; or
c) with the data contained in the register of employers and of the insured persons in their employ maintained under Subsection (4) of Section 16 of this Act.

If the tax authority finds that the particulars of the private individual affected, that were supplied by the health insurance administration agency under Section 44/B or Section 44/C of the SPA, are not contained in either of the registers mentioned in Paragraphs a)-c) above, the tax authority shall instruct the private individual to verify his entitlement to healthcare services. If the private individual fails to provide reliable evidence to verify his entitlement to healthcare services within eight days of receipt of notice, the tax authority shall prescribe - by way of a resolution - the healthcare services contribution payment obligation upon the private individual effective as of the first day following the time of termination of his last entitlement to healthcare services under Section 16 of the SPA, and register the payments received.

(9) If the private individual or his representative is able to supply reliable evidence to verify his entitlement to healthcare services upon receipt of the notice referred to in Subsection (8), or if the private individual has died, or he resides abroad and is not treated as a resident according to the SPA, the tax authority shall send a copy of the document or statement to that effect without delay to the health insurance administration agency of jurisdiction by reference to private individual’s home address.

(10) The state tax authority shall supply data relating to private individuals liable to pay contributions according to Subsection (2) of Section 39 of the SPA each month, by the last day of the following month, on the contribution obligation prescribed in Subsection (8), within ten days of the operative date of the resolution by way of electronic means to the body vested with authority to manage the Health Insurance Fund.

(11) Where the tax authority is unable to identify any person whose data were supplied under Section 44/B or Section 44/C of the SPA, for identification is not possible relying on the natural identification data and home address available to and supplied by the health insurance administration agency, the tax authority shall return such data to the health insurance administration agency marked “unidentifiable”.

Section 20/A

(1) The state tax authority shall issue - in accordance with the procedure defined in Section 20 - the card evidencing eligibility for any tax allowance that may be claimed by employers in connection with the employment of private individuals who satisfy the conditions laid down in specific other legislation.

(2) The card auxiliary to the tax identification card contains the following information:
a) the card-holder’s natural identification data;
b) the card-holder’s tax identification code;
c) the date of issue;
d) the period of validity, that is
da) two years for START-cards held by young entrants to the labor market, whether or not graduated from primary and secondary schools, or one year if held by young entrants with a degree in higher learning, not to exceed the applicant’s twenty-fifth birthday from the date of issue, or the thirtieth birthday if the applicant has a degree in higher learning,
db) two years for START PLUS and START EXTRA cards from the date of issue, not to exceed the time the applicant has reached the age for entitlement to old-age pension, if this is shorter,
dc) covering - in the case of Rehabilitation Cards - the period between the date of issue and the date of expiry of the card.

(3) Before issuing a Rehabilitation Card the state tax authority shall make out a certificate as a means of substitution, that contains the information specified in Subsection (2). Any reference made in legislation to the Rehabilitation Card shall be understood as the certificate made out in lieu of the Rehabilitation Card.

Section 20/B

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Any importer who employs an indirect customs representative in connection with the importation of goods underlying the exemption in connection with the intra-Community supply of goods in accordance with the Act on Value Added Tax shall be exempted from the obligation of registration if not engaged in any other taxable activities in the domestic territory.

Section 21

(1) Any accession of wealth that is subject to duty obligation and the market value of such assets shall be reported in accordance with the provisions of the Duties Act.

(2) The persons subject to notification requirement under the Duties Act - upon submission of the underlying transaction document to the real estate supervisory authority - shall use the form prescribed by the state tax authority to report the tax identification number, or failing this the natural identification data and home address (or the name and registered address for other taxpayers):

a) of the person shown as the buyer in the case of accession of wealth;

b) of the person shown as the seller of the real estate property if title is conveyed for consideration, unless the real estate property is purchased in the public interest or transferred within the framework of a support, life-annuity, or inheritance contract concluded between private persons;

c) of the person profiting from a transaction that involves the waiver of any right in the real estate property for consideration or the quid pro quo establishment, transfer (consignment) or termination of such right. If the notice filed does not indicate the tax identification number or, in the absence of such, the identification data, or if it does so insufficiently, the real estate supervisory authority shall advise the applicant to supply the information that is missing. The application shall be rejected if the missing information is not supplied within the prescribed time limit. At the time of filing the aforesaid notice, the persons referred to in Paragraph a) of this Subsection may communicate information relating to any duty exemption or duty allowance he may be entitled to using the form prescribed by the state tax authority.

(3)

Registration of Value Added Tax Liability

Section 22

(1) The persons liable for payment of value added tax shall notify the commencement of their taxable activity, and simultaneously file a statement of:

a) being engaged exclusively in activities in the public interest or in activities exempted under special arrangements;

b) having selected to waive tax exemption granted to specific activities under special arrangements and paying the tax instead;

c) having selected individual tax exemption;

d) the special method of tax assessment to be applied;

e) their intention to establish commercial relations with any taxpayer established in any Member State of the European Community,

f) his value added tax liability being occurred solely due to the importation of goods underlying the exemption in connection with the intra-Community supply of exempted goods in accordance with the Act on Value Added Tax, and if not employing an indirect customs representative in discharging the importation of goods under exemption;

g) their intention to seek employment as indirect customs representative under Section 96 of the Act on Value Added Tax.

h) applying the general rules set out in the Act on Value Added Tax on tax assessment relating to their activities.

i) having selected cash accounting scheme.

(2) Any changes made in any of the statements under Subsection (1), with the exceptions set out in Paragraphs e) - g), shall be reported before the last day of the tax year preceding the year to which it pertains. In the event of a taxpayer surpassing the amount limit for individual tax exemption or for using the cash accounting scheme during the tax year, the notification shall be filed in accordance with Subsection (3) of Section 23. Taxpayers shall not be

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required to make the statement referred to in Paragraph e) of Subsection (1) and to notify any changes therein, if engaged solely in Community trade relations constituting the supply of goods underlying the exemption in connection with the intra-Community supply of goods in accordance with the Act on Value Added Tax through an indirect customs representative.

(3) In the event of a taxpayer being unable to file the report described in Subsections (1)-(2) due to lacking the requirements prescribed by law, the report may be revised upon filing his tax return for the preceding tax year, or for the last month or last quarter of the preceding tax year, with retroactive effect to the first day of the tax year.

(4) Any person liable for payment of value added tax - other than the taxpayers engaged exclusively in the supply of goods and services without entitlement to tax deduction, taxpayers claiming individual tax exemption and those engaged exclusively in agricultural activities under special legal status - who does not have a community tax number shall be required to notify the state tax authority concerning their intention to establish commercial relations with any taxpayer established in another Member State of the European Communities in order to have a community tax number assigned.

(5) Any taxable legal person that is not liable for payment of value added tax, the taxpayers engaged exclusively in the supply of goods and services without entitlement to tax deduction, taxpayers claiming individual tax exemption and those engaged exclusively in agricultural activities under special legal status, and taxpayers taxed under the simplified entrepreneurial taxation system shall notify the state tax authority when their purchases of goods made in the tax year in another Member State of the European Community reach the limit of 10,000 euro, exclusive of tax. The notification shall be effected prior to the acquisition of goods in consequence of which the taxpayer goes over the limit. Any taxpayer who is liable for payment of value added tax and is engaged exclusively in activities without entitlement to tax deduction, and claiming individual tax exemption, and those engaged exclusively in agricultural activities under special legal status, who does not have a community tax number, shall be required to notify the state tax authority if supplying or receiving services to or from any taxpayer established in another Member State of the European Community in order to have a community tax number assigned.

(6) Any taxable legal person that is not liable for payment of value added tax, the taxpayers engaged exclusively in the supply of goods and services without entitlement to tax deduction, taxpayers claiming individual tax exemption and those engaged exclusively in agricultural activities under special legal status, and taxpayers taxed under the simplified entrepreneurial taxation system shall notify the state tax authority before the last day of the previous year if their purchases of goods made in another Member State of the European Community in the previous tax year remain below 10,000 euro, exclusive of tax, and if they opted to satisfy in the current year their value added tax payment obligation in Hungary on goods purchased inside the Community. If the taxpayer did not make any purchase in the Community during the previous year, notification for the current year shall be made prior to the first purchase made during the current tax year inside the Community.

(7) The state tax authority shall issue taxpayers a Community tax number on the basis of their notification in accordance with Subsections (5) and (6). Any taxable legal person that is not liable for payment of value added tax, the taxpayers engaged exclusively in the supply of goods and services without entitlement to tax deduction, taxpayers claiming individual tax exemption and those engaged exclusively in agricultural activities under special legal status shall be required to apply for a Community tax number to the state tax authority if they purchase any goods falling under the scope of the Act on Excise Taxes and Special Regulations on the Marketing of Excise Goods inside the Community for which they are liable to pay the applicable value added tax in Hungary, prior to making such purchase.

(8) Where a taxpayer engaged exclusively in the supply of goods and services without entitlement to tax deduction, a taxpayer claiming individual tax exemption and a taxpayer engaged exclusively in agricultural activities under special legal status disclosed his Community tax number under Subsection (7) of Section 20 of the Act on Value Added Tax to the supplier of goods, he shall notify the state tax authority thereof by the 20th day of the month following the time when the intra-Community acquisition of goods took place.

(9) Where a taxpayer taxed under the simplified entrepreneurial taxation system supplies goods and/or services to or receives goods and/or services from a taxpayer who is established in another Member State of the European Community, he shall apply for a Community tax number prior to the time of supplying or receiving such goods and/or services.

(10) Any person liable for payment of value added tax and claiming individual tax exemption shall apply for a Community tax number prior to supplying any new means of transport to a taxpayer established in another Member State of the European Communities, or to a non-taxable person or organization.

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(11) The taxpayers engaged exclusively in the supply of goods and services without entitlement to tax deduction shall apply for a Community tax number prior to supplying any goods to a taxpayer who is established in another Member State of the European Communities if the same goods are subject to taxation if supplied in Hungary.

(12) The persons liable for payment of value added tax, if established in another Member State of the European Communities shall notify the state tax authority on the prescribed form if they pay the applicable value added tax in Hungary pursuant to the option contained in Subsection (4) of Section 30 of the Act on Value Added Tax or by virtue of exceeding the amount limit. If value added tax is paid in Hungary by virtue of the said option, it shall be notified for the current year before the last day of the previous tax year. In the case of exceeding the amount limit, the notification shall be effected prior to the purchase in consequence of which the taxpayer goes over the limit.

(13) Resident persons who are liable for payment of value added tax shall notify the state tax authority if they pay the applicable value added tax in another Member State pursuant to the option contained in Sections 29-30 of the Act on Value Added Tax or by virtue of exceeding the amount limit within fifteen days of the date when exercising the option or when exceeding the amount limit.

(14) For translating the amount limits conveyed in euro under Subsections (5)-(6) into forints, the provisions of the Act on Value Added Tax shall be observed. The price of new means of transport and goods falling within the scope of the Act on Excise Taxes and Special Regulations on the Marketing of Excise Goods, exclusive of tax, shall not be taken into account for calculating the total value of purchases.

(15) Resident legal persons and other organizations that are liable for payment of value added tax, but are entitled to a refund of any value added tax charged on their purchases may declare such entitlement in the interest of receiving a refund and may apply for such refunds in the same manner as the persons liable to pay value added tax.

(16) Private individual taxpayers - other than private entrepreneurs and persons establishing commercial relations in accordance with Paragraph e) of Subsection (1) of Section 22 - shall be exempt from the obligation of notification prescribed as a precondition for obtaining a tax number, if engaged solely in the leasing or renting of real estate properties under the Act on Value Added Tax and if did not exercise the option for taxation in respect of value added tax.

Section 22/A

(1) The state tax authority, upon a request filed in writing jointly by the prospective members wishing to form a group in connection with their value added tax liability, shall adopt a resolution authorizing such group to enter the group taxation scheme and for issuing a group identification number. Where any member of the group has a Community tax number at the time the authorization is adopted, the state tax authority shall cancel such Community tax number in the same resolution. The state tax authority shall issue a Community tax number for the group upon a request lodged according to this Subsection, and subsequently when requested by the group’s representative, subject to the conditions set out in Section 22.

(2) In the proceedings in front of the tax authority, the group representative shall enter the group identification number, or the Community tax number on all documents related to the group’s tax liability, such as in the group’s value added tax return (recapitulative statement). In connection with their transactions with third parties, members of the group shall indicate their group identification number, Community tax number and their own tax number on all tax-related documents.

(3) Unless otherwise prescribed in this Act, in administrative proceedings relating to value added taxes the provisions pertaining to tax numbers, and to Community tax numbers issued on the basis of such tax numbers shall apply to group identification numbers and Community tax numbers issued to groups.

Section 22/B.

Upon a request filed in writing jointly by the prospective members - containing their express and unanimous understanding - wishing to form a cooperating group in accordance with the relevant provisions of the Civil Code in pursuance of a common goal, the state tax authority shall issue a tax number by way of a resolution authorizing taxable status to such civil law company. The cooperating group shall make the statement referred to in Paragraph a) of Subsection (1) of Section 22 in the application requesting taxable status. Any change made in the particulars contained in the application for taxable status shall be reported by the cooperating group’s representative (or member

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if there is no group representative) within fifteen days from the effective date of the change. The cooperating group’s representative (or member if there is no group representative) shall report within fifteen days if the civil law company established by the cooperating group is terminated, or if the common objective, for which the cooperating group was formed, has been achieved, or if such goal can no longer be achieved.

Notification Requirement in Connection with Customs Identification Codes

Section 22/C.

(1) Taxable private individuals shall - in addition to what is contained in Subsection (1) of Section 20 - submit to the state tax authority:
   a) a statement on whether or not having a customs identification code (hereinafter referred to as “VPID code”) or a Community customs identification number (hereinafter referred to as “EORI number”),
   b) the type and number of travel document of private individuals of citizenship other than Hungarian, including the date of issue and expiry, the name of and electronic contact information for the issuing authority.

(2) Taxpayers other than private individuals shall supply the following information to the state tax authority:
   a) name (corporate name), abbreviated name;
   b) address of the registered office, main office or permanent business establishment, mailing address, electronic contact information;
   c) bank account numbers in the case of taxpayers established in the territory of the Community, and tax identification numbers issued in other Member State(s);
   d) a statement on whether or not having a VPID code or EORI number.

(3) The state tax and customs authority may request documentary evidence for the information to be notified.

(4) In applying for a VPID code or in connection with customs reference numbers, taxpayers shall supply a statement concerning the uploading or removal of their data from the Community registration system (central EORI system).

(5) The state tax and customs authority shall, upon receipt of an application for a customs identification code, assign a VPID code. An application for a VPID code may be submitted together with an application for tax number to the state tax and customs authority.

Notification of Changes

Section 23

(1) Taxpayers shall notify any changes affecting their tax liability - with the exception of natural identification data, home address and what is contained in Subsection (2) of Section 22 - about which the competent court of registry and the authority appointed to control and monitor the activities of private entrepreneurs, or in the case of civil society organizations, the court, is not required to notify the tax authority under specific other legislation, within fifteen days of their effective date on the prescribed form directly to the state tax and customs authority, or to the municipal tax authority.

(2) Any changes in the data specified under Subsection (3) of Section 16 and Section 22/C shall, in particular, be construed as affecting tax liability, as well as the date of the opening and conclusion of the dissolution of taxpayers whose registration is not mandatory, in the case of dissolution without liquidation of legal persons and other organizations whose registration is not mandatory, the decision on dissolution without succession, the particulars contained in the notice published in the Cégközlöny (Company Gazette) on the opening and termination of simplified dissolution, and on carrying on the company’s activities, as well as the termination of taxable activities or the winding up of legal persons and other organizations. In connection with any activities which are not indicated in the civil society organization’s instrument of constitution and in which the company is nonetheless engaged, the notification shall be lodged within fifteen days of the commencement of the activity, or the termination of any activity, whether or not registered.

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(3) Any person whose tax liability commences upon reaching any specific amount limit prescribed by law shall report the occurrence of such within fifteen days to the tax authority.

(4) The taxpayer shall notify the state tax authority according to the regulations on changes affecting tax liability concerning:
   a) the date of relocation of the place of effective management and the other State affected, if the place of effective management is relocated from the territory of Hungary to another State,
   b) the name (corporate name), registered address (place of business) and tax identification number of the other person treated as an affiliated company within fifteen days of having executed their first contract, or within fifteen days following the termination of affiliation.

(5) If changes in the data of a taxpayer mentioned under Paragraphs a) and b) of Subsection (1) of Section 17, or of a civil society organization entail a change in the taxpayer’s tax number, the state tax authority shall notify the competent court of registry, the authority appointed to control and monitor the activities of private entrepreneurs and the registrar of private entrepreneurs, and the court in the case of civil society organizations, regarding the new tax number at the same time at which it notifies the taxpayer.

(6) The taxpayer mentioned in Paragraphs a) and b) of Subsection (1) of Section 17 shall meet his obligation to report changes by reporting to the competent court of registry or the authority appointed to control and monitor the activities of private entrepreneurs, or to the court in the case of civil society organizations, in respect of the particulars affecting his tax liability, and any such changes shall be forwarded by the competent court of registry or the registrar of private entrepreneurs, or by the court in the case of civil society organizations, to the state tax authority pursuant to specific other legislation. The taxpayer mentioned in Paragraph b) of Subsection (1) of Section 17, and civil society organizations shall notify the state tax authority of any change in their main activity in accordance with Regulation (EC) No. 1893/2006 within fifteen days following the effective date of the change.

(7) If the number of the taxpayer’s current account at a domestic payment service provider is changed by decision of or for reasons attributable to the payment service provider, it is the responsibility of the payment service provider to notify the original and the new account number to the state tax authority within fifteen days of the change taking effect, with the taxpayer’s tax number indicated.

(Section 23/A)

Private entrepreneurs shall have the option to notify changes in their particulars not listed in the register of private entrepreneurs, specified in Subsection (3) of Section 16 of this Act, to the state tax authority by way of the authority appointed to control and monitor the activities of private entrepreneurs.

Registration of Taxpayers as Notified

(Section 24)

(1) The tax authority shall register taxpayers upon receipt of their notification.

(2) The state tax authority shall issue taxpayers a tax number on the basis of their notification, as of the date of notification, or as of the date of commencement of taxable activities by the taxpayers referred to in Paragraph c) of Subsection (1) of Section 17 and in Section 17/A in the event of their failure to comply with the notification requirement in due time. Such tax number shall be recorded in the register of companies and in the public register. The state tax authority shall, upon request, notify the municipal tax authority regarding such tax identification numbers.

(3) The state tax authority shall register private individuals with no tax number by their tax identification codes, also indicating the nationality of private individuals of citizenship other than Hungarian. Where a private individual who has no tax identification code receives any occasional income in the domestic territory that falls within the payer’s obligation of disclosure, the payer may request the state tax authority to issue a tax identification code to the private individual in question, supplying the private individual’s natural identification data known to the payer if the person is of citizenship other than Hungarian, or his natural identification data and home address for Hungarian citizens, together with his mailing address in Hungary, if applicable. The state tax authority shall inform the payer concerning the private individual’s tax identification code when issued.

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(4) The municipal tax authority shall register taxpayers as prescribed in Subsections (2)-(3). Taxpayers with no tax identification code shall provide in their tax return to the municipal tax authority the information necessary for assigning a tax identification code, as described in Subsection (1) of Section 20. Upon request by the municipal tax authority, the state tax authority shall issue a tax identification code to the private individual with no tax identification number if the information defined in Subsection (1) of Section 20 is provided and shall notify the municipal tax authority thereof. The municipal tax authority shall notify the private individual in question to that respect.

(5) Taxpayers shall indicate their tax identification number on all tax-related documents. A private individual shall disclose his tax identification code to the employer, the payer, the government employment agency, credit institutions, and the social security administrative agency if they provide any payment based on which the private individual becomes subject to tax liability, or in connection with which the law prescribes compulsory data disclosure. A private individual shall also disclose his tax identification code to the real estate supervisory authority, insurance companies, to agencies issuing certificates of entitlement for tax allowance (tax exemption), and to persons issuing certificates of entitlement for central subsidies if such become subject to compulsory data disclosure as a consequence. Private individuals shall produce their tax identification cards in response to requests from the aforementioned entities, being subject to the obligation of data disclosure. If a private individual fails to disclose his tax identification code, the employer or payer shall deny payment and the person issuing certificates of entitlement for tax allowance (tax exemption) or central subsidies shall refuse to have the certificate issued until such tax identification code is produced. The payer may effect payment of the interest specified in the Personal Income Act to the private individual in the absence of his tax identification code as well.

(6) In connection with the imposition of property acquisition duties, and - if conferred under the competence of the state tax authority by law - the imposition, collection or refund of procedural fees the courts, administration bodies and notaries public shall disclose to the state tax authority the following particulars of persons liable for the duty payable or eligible for refund:
    a) the tax identification codes of private individuals, or failing this their natural identification data and home address, the nationality of private individuals of citizenship other than Hungarian, furthermore, the mailing address of private individuals if other than their home address;
    b) the name (corporate name), registered office and tax number of persons other than private individuals.

Relying on the data received in accordance with the above, the state tax authority shall issue a tax identification code to the persons with no tax identification number. The state tax authority shall issue a technical identification number to any non-resident person who is not shown in the state tax authority’s records, until the duty is paid. The state tax authority shall not disclose the technical identification number to the person affected. After the conclusion of the proceeding, following expiry of the term of limitation for the right of tax assessment, the state tax authority shall erase the data of the aforesaid non-resident persons, including the technical identification number.

(7) Taxpayers may apply for central subsidies only if they possess a tax identification number, and - unless otherwise prescribed in this Act, in another act or statutory provision under authorization conferred by an act - may apply for tax refund only after compliance with their obligation of registration or notification, and only with respect to any period in connection with which they had a tax identification number.

(8) The state tax authority shall issue a Community tax number for any taxpayer who is engaged in intra-Community trading upon their request, effective as of the day when the notification or application is submitted, in any case on the day of issue of tax number at the earliest. The notification or application for the issue of a Community tax number may be submitted together with the application for tax number. Taxpayers shall indicate their Community tax numbers on all documents relating to intra-Community trading. Upon the taxpayer’s request, the state tax authority shall withdraw the taxpayer’s Community tax number - as of the day of notification - in the course of the tax year upon the taxpayer’s notification of having terminated his commercial relations with a taxpayer established in a Member State of the European Communities.

(9) The state tax authority shall refuse to issue the tax number if any of the information provided by the taxpayer is false or incomplete, or if it finds in the course of tax registration that there are legal impediments preventing the issue of a tax number.

(10) The tax authority shall strike from the records any taxpayer registered by tax number:
    a) whose application for registration, for admission into the public register of the treasury has been rejected by the court of registry or the treasury, respectively, unless the taxpayer, within thirty days of receiving the resolution from

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the competent court of registry, provides proof that he has resubmitted his application within eight days of the rejection of his application for registration and that the registration procedure is in progress:

b) who (that) has been ordered stricken from the register of companies by a definitive resolution issued by the competent court of registry, or who has been removed from the register of private entrepreneurs;

c) who has reported the termination of his taxable activities or whose license for conducting his taxable activities has been withdrawn;

d) whose registration procedure has been terminated by the court of registry;

e) who has been removed from the public register of the treasury.

(11) In the cases referred to in Paragraph c) of Subsection (10) above, the state tax authority shall forthwith notify the taxpayer concerned upon being removed from the records.

(12) In respect of the second part of Paragraph a) of Subsection (10), the provisions prescribed for the termination of tax liability shall not be applied.

(13) The state tax authority shall ex officio issue a tax identification code to any private individual:

a) who has failed to comply with his obligation of notification; or

b) whose registration by the tax authority is required in connection with the tax authority’s statutory responsibilities.

(14) If a taxpayer other than a private individual incurs tax liabilities only towards a municipal tax authority, the state tax authority shall, upon request, assign a tax number to the taxpayer for registration by the municipal tax authority effective as of the day when the request is submitted, or as of the day of commencement of taxable activities in the event of the taxpayer’s failure to comply with the notification requirement in due time. The taxpayer shall be required to file a tax return to the state tax authority only if he is engaged in any taxable activities. If the taxpayer incurs any tax liability toward the state tax authority subsequently, it shall be reported on the basis of the previously issued tax number.

(15) The state tax authority shall ex officio issue a technical identification number to any taxpayer, other than a private individual, who does not have a tax number, but whose registration by the tax authority is required in connection with the tax authority’s statutory responsibilities and functions. The technical identification number may be used only by the tax authority for the identification and registration of the taxpayer. The state tax authority shall not disclose the technical identification number to the person affected, and shall not notify the taxpayer affected concerning the issue or cancellation of the technical identification number. If within the term of limitation of the right of enforcement of tax debts the state tax authority issues a tax number to the taxpayer, the technical identification number shall be cancelled at the same time, upon the day of commencement of taxable activities. If a tax number is not issued pursuant to the aforementioned provision, past the term of limitation the state tax authority shall delete the technical identification number and all other data of the taxpayer without delay.

(16) If a private individual who is registered in the register of private entrepreneurs under the Act on Private Entrepreneurs and Sole Proprietorships had a VPID code as well, acting as such, and - after his entitlement for the pursuit of private entrepreneurial activities ceases - the private individual makes another notification according to the Act on Private Entrepreneurs and Sole Proprietorships in continuing his activities as a private entrepreneur or as a private individual with tax number in accordance with the Personal Income Tax Act, the state tax authority shall ex officio issue another tax number for the private entrepreneur in question, and shall notify the taxpayer thereof. Effective as of the date of notification, the tax authority shall register the taxpayer by this new tax number.

Section 24/A

(1) The state tax authority shall suspend the tax number of a taxpayer if:

a) any official tax document dispatched to the taxpayer by way of the postal service as official correspondence is returned to the sender marked “address unknown” on two consecutive occasions, and/or the consignment is deemed undeliverable due to the lack of a suitable mail box;

b) the tax authority obtains reliable information during an inspection of the taxpayer’s registered office that the taxpayer cannot be found at this registered office;

c) the taxpayer failed to comply - upon receipt of notice from the state tax authority - with the obligation of declaration or tax (tax advance) payment liability to the state tax authority within 365 days from the statutory deadline or from the original due date.

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(2) The tax authority shall deliver its decision for the suspension of a tax number in a resolution, and this resolution may be appealed within fifteen days of the day when delivered. The appeal shall be forwarded to the superior authority with all documents attached within eight days following the date when received, unless the tax authority has withdrawn the appealed resolution or made the requested amendment or correction. The superior authority shall adopt a decision within fifteen days concerning the appeal, and shall forthwith return the documents of the case to the competent tax authority. The tax authority shall contact the competent court of registry or the registrar of private entrepreneurs on the day following the day when the resolution is declared operative to have the suspension, including the opening day of suspension recorded in the register of companies or in the register of private entrepreneurs, and shall notify any other body that keeps records on the taxpayer in question concerning the suspension. If suspension is ordered on the basis of Paragraphs a)-b) of Subsection (1), the tax authority shall contact the competent court of registry and shall simultaneously request the opening of judicial oversight proceedings for the termination of the company of unknown location.

(3) After the operative date of the resolution for the suspension of the taxpayer’s tax number, the taxpayer affected may lodge a petition for having the suspension lifted. If suspension was ordered on the basis of Paragraph a) or b) of Subsection (1), the tax authority shall be entitled to make inquiries in connection with the petition at the taxpayer’s head offices to investigate the authenticity of the registered office, however, this inquiry shall not be construed as an audit. The tax authority, if it arrives at the conclusion that the suspension is no longer justified, shall adopt a resolution to terminate the suspension, or shall reject the petition in other cases. If the taxpayer resubmits the petition for lifting the suspension without producing any new evidence or circumstance, the tax authority shall reject it without any investigation on the merits. The tax authority may terminate the suspension ex officio by way of a resolution if it obtains reliable evidence that the grounds upon which the suspension was ordered no longer exist. The resolution for the termination of suspension may not be appealed, whereas the provisions of Subsection (2) shall apply to appeals filed against any decision for the rejection of the petition, with the exception that the competent court of registry, the registrar of private entrepreneurs or any other body that keeps records on the taxpayer in question shall be notified only if the suspension is terminated.

(4) If the tax authority did not terminate the suspension of the tax number of a taxpayer - who is not undergoing liquidation or dissolution - within fifteen days following the operative date of the resolution for the suspension and the tax number was not withdrawn pursuant to other regulations of this Act, the tax authority shall adopt a resolution to withdraw the tax number in question and shall notify the competent court of registry, the registrar of private entrepreneurs or any other body that keeps records on the taxpayer in question accordingly, on the following day when the resolution is declared operative. An appeal against the resolution for the withdrawal of the tax number may be lodged according to the provisions of Subsection (2), with the exception that the appeal may be lodged within eight days of the day of delivery of the resolution.

(5) If the taxpayer has a Community tax number as well, and the tax authority has adopted a resolution for initiating or lifting the suspension or for the withdrawal of his tax number, it shall also carry out the same action concerning his Community tax number as well, i.e. for initiating or lifting the suspension or for the withdrawal of his Community tax number. The provision of such resolution concerning the Community tax number may not be appealed in itself. As of the date of delivery of the resolution for the suspension of the tax number, under the duration of suspension a Community tax number may not be granted.

(6) The taxpayer whose tax number (Community tax number) had been suspended may not claim any tax refund or apply for central subsidies in connection with and subsequent to the period between the operative dates of the resolutions for the suspension and for lifting the suspension, or the period between the operative dates of the resolutions for the withdrawal of the tax number (Community tax number), unless otherwise provided for in an act or other legislation enacted under authorization of an act, and may not request the repayment of any amount overpaid during the same period. The tax authority may comply with the taxpayer’s request for tax refund or application for central subsidies in connection with any period preceding the operative date of the resolution for the suspension of his tax number only after the operative date of the resolution ordering the termination of suspension.

(7) The state tax authority shall deliver its resolution adopted under Paragraph a) of Subsection (1) to the taxpayer for the suspension of his tax number, and its resolution adopted after the suspension under Paragraph a) of Subsection (1) for the withdrawal of his tax number pursuant to Subsection (4) by way of a public notice. The notice shall be posted for fifteen days or eight days if it pertains to withdrawal on the website of the state tax authority. The notice shall specify the date of posting on the website, the name of the tax authority that has delivered the resolution, the case number and the subject to which it pertains, the taxpayer’s name, registered office and tax number. The English language translations of the regulations published on this website do not qualify as official translations issued by any Hungarian public authority and may not reflect the latest amendments made to the respective regulations. UniCredit Bank intends to but does not undertake to update this website by publishing the most recent wording of the regulations being entirely effective from time to time.
number, furthermore, an indication that the tax authority has adopted a resolution for the suspension - or withdrawal pursuant to Subsection (4) - of the tax number (Community tax number) in accordance with Paragraph a) of Subsection (1), a copy of which may be obtained by the taxpayer affected or his representative at the tax authority that has delivered the resolution, and an indication that the resolution is not yet binding. The resolution delivered by means of a public notice shall be deemed served on the fifteenth day - or the eighth day if it pertains to withdrawal - following the date of publication on said website.

(8) If a request lodged by the competent court of registry, the authority appointed to control and monitor the activities of private entrepreneurs or any other body that keeps records on the taxpayer in question for suspension does not result in the taxpayer’s termination (seizure of the right to pursue the activities of private entrepreneurs), however, the state tax authority has withdrawn the taxpayer’s tax number by final resolution before the winding-up of the taxpayer (or before the private entrepreneur is removed from the register of private entrepreneurs) pursuant to Subsection (4), and the taxpayer wishes to engage in taxable activities following the withdrawal, the taxpayer shall file an application for a tax number in due application of Paragraph c) of Subsection (1) of Section 17. The state tax authority shall assign the tax number upon the taxpayer’s request effective as of the day of lodgment of the application, if the taxpayer commenced or was already engaged in taxable activities before the submission of the application.

(9) The tax authority shall notify the competent court of registry, the registrar of private entrepreneurs or any other body that keeps records on the taxpayer in question concerning any resolution adopted for overturning or abolishing a resolution for the suspension of a tax number, for lifting such suspension or for the withdrawal of a tax number, also indicating the operative date of this resolution.

(10) Where the state tax authority has adopted a decision for the suspension or cancellation of the tax number of a taxpayer who is subject to value added tax liability under the group taxation scheme, it shall adopt another resolution at the same time to suspend or cancel the group identification number and the Community tax number of the group. The group identification number or Community tax number of a group may be suspended or cancelled where the relevant criteria applies to all members of the group. In all other respects, the provisions of this Section pertaining to tax numbers, and to Community tax numbers shall apply to the proceedings for the suspension or cancellation of group identification numbers and Community tax numbers, and for the legal consequences relating to the termination of suspension.

(11)

(12) Where Paragraph c) of Subsection (1) applies, the state tax authority shall suspend the application of the tax number for an unspecified duration, until the tax (tax advance) payment liability is satisfied. Where the requirement to file a tax return cannot be satisfied in accordance with the provisions of this Act and the tax number cannot be suspended on account of the taxpayer’s breach of his tax payment obligation, the suspension shall remain in effect until the audit or the binding conclusion of the audit or the tax authority’s proceedings. In this case the state tax authority shall order the withdrawal of suspension of its own motion; this decision may not be appealed. In the application of Paragraph c) of Subsection (1) and of this Subsection, in respect of penalties, surcharges and expense reimbursement obligations the provisions pertaining to tax liabilities shall not apply.

Section 24/B.

(1) The state tax authority shall withdraw the tax number if:

a) the taxpayer’s registered office notified according to the relevant regulations is false or untrue;

b) the taxpayer failed to register its legitimate representative at the state tax authority as prescribed by the relevant regulations;

c) it obtains reliable information during an inspection of the taxpayer that the taxpayer’s registered legitimate representative is not a real person.

(2) The tax authority shall deliver its decision for the withdrawal of a tax number in a resolution; this resolution may be appealed within fifteen days of the day when delivered. The appeal shall be forwarded to the superior authority with all documents of the case attached within eight days following the date when received, unless the state tax authority has withdrawn the appealed resolution or made the requested amendment or correction. The superior authority shall adopt a decision within fifteen days concerning the appeal. The state tax authority shall contact the competent court of registry or the registrar of private entrepreneurs on the day following the day when the resolution

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is declared operative to have the withdrawal, including the effective date of withdrawal recorded in the register of companies or in the register of private entrepreneurs, and shall notify any other body that keeps records on the taxpayer in question concerning the withdrawal. If withdrawal is ordered on the basis of Subsection (1) hereof, the state tax authority shall contact the competent court of registry and shall simultaneously request the opening of judicial oversight proceedings for the termination of the company of unknown location.

(3) If the taxpayer has a Community tax number as well, the state tax authority shall - in the resolution on the withdrawal of his tax number - provide for the withdrawal of the Community tax number as well. The provision of such resolution concerning the tax number may not be appealed in itself.

(4) In the cases defined in Subsection (1), the state tax authority shall deliver to the taxpayer its resolution for the withdrawal of his tax number by way of a public notice. The notice shall be posted for fifteen days on the website of the state tax authority. The notice shall indicate the name of the tax authority that has delivered the resolution, the case number and the subject to which it pertains, the taxpayer’s name, registered office and tax number, furthermore, an indication that the tax authority has adopted a resolution for the withdrawal of the tax number, a copy of which may be obtained by the taxpayer affected or his representative at the tax authority that has delivered the resolution, and an indication that the resolution is not yet binding. The resolution delivered by means of a public notice shall be deemed served on the fifteenth day following the date of publication.

(5) The state tax authority shall notify the competent court of registry, the registrar of private entrepreneurs or any other body that keeps records on the taxpayer in question concerning any resolution adopted for overturning or abolishing a resolution for the withdrawal of a tax number, also indicating the operative date of this resolution.

(6) Where the state tax authority has adopted a decision for the withdrawal of the tax number of a taxpayer who is subject to value added tax liability under the group taxation scheme, it shall adopt another resolution at the same time to withdraw the group identification number and the Community tax number of the group. The provisions of this Section pertaining to tax numbers, and to Community tax numbers shall apply to the proceedings for the withdrawal of group identification numbers and Community tax numbers, and for the related legal consequences.

(7) If the tax number of the taxpayer referred to in Paragraph b) of Subsection (1) of Section 17 has been withdrawn a new tax number may not be issued, in other cases, if the taxpayer wishes to pursue taxable activities after the withdrawal, an application shall be submitted according to Paragraph c) of Subsection (1) of Section 17 for requesting a tax number. The state tax authority shall issue a tax number upon receipt of the taxpayer’s application effective as of the day of submission of the application, even if the taxpayer has already taken up or pursued the activity before the submission of the application.

**Tax Registration Procedure**

*Section 24/C.*

(1) The state tax authority, before issuing a tax number to the taxpayers referred to in Paragraph b) of Subsection (1) of Section 17, shall cross-reference the data notified under Subsection (3) of Section 16 with the records of the state tax authority, and examine after the notification submitted according to Paragraph b) of Subsection (1) of Section 17 as to whether there is any impediment preventing the issue of a tax number pursuant to Subsection (2).

(2) The state tax authority shall refuse to issue a tax number if the taxpayer’s executive officer or member entitled to exercise representation, or member or shareholder if a private limited-liability company or private limited company with a share of over 50 per cent or having qualified majority control (for the purposes of this Section hereinafter referred to as “member”):

a) currently holds or previously held an executive office in, or is or has been a member of another taxpayer defined in Paragraph b) of Subsection (1) of Section 17,

aa) that has any delinquent tax owed on the day when the application for tax number is submitted, as shown in the state tax and customs authority’s records, less any overpayment, for a period of one hundred and eighty consecutive days, where the amount owed exceeds fifteen million forints, or thirty million forints for the largest taxpayers in terms of tax payment, provided that the executive officer or member status in said other taxpayer existed on any day during the period of one hundred and eighty consecutive days, or on any day thereafter, or

ab) that was dissolved without succession within five years before the day when the application for tax number is submitted, having delinquent tax owed, as shown in the state tax and customs authority’s records, less any

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overpayment, in an amount exceeding fifteen million forints, or thirty million forints for the largest taxpayers in terms of tax payment, provided that the executive officer or member status in said other taxpayer existed on the one hundred and eightieth day before the date of the opening of liquidation or involuntary de-registration procedure, or on any day thereafter, or

ac) whose tax number the state tax authority has withdrawn within five years before the day when the application for tax number is submitted, following suspension of the tax number under Section 24/A, or in accordance with Section 24/B, or for the reasons described in Subsection (2) of Section 24/D and Subsection (6) of Section 24/F, by final decision in the procedure defined therein, provided that the executive officer or member status in said other taxpayer existed on the day of delivery of the binding resolution on the withdrawal of the tax number, or on any day thereafter;

b) has any delinquent tax owed on the day when the application for tax number is submitted, as shown in the state tax and customs authority’s records, less any overpayment, for a period of one hundred and eighty consecutive days, where the amount owed exceeds fifteen million forints, or thirty million forints for the largest taxpayers in terms of tax payment.

(2a) In the application of Subparagraph aa) Paragraph a) and Paragraph b) of Subsection (2), any tax liability based on the tax authority’s final resolution shall not be treated as an outstanding tax debt, provided that the time limit for the resolution’s judicial review has not yet expired or the court proceedings initiated by the taxpayer for review of the resolution have not been concluded definitively. In this case, the tax liability based on the tax authority’s final resolution shall be considered outstanding as of the following day after the deadline for initiating judicial review or after the final conclusion of the court proceedings.

(3) For the purposes of Subparagraph ac) of Subsection (2), a resolution of the tax authority on the withdrawal of the tax number may not be considered operative if the time limit for judicial review has not yet expired or the court proceedings initiated by the taxpayer for review of the resolution have not been concluded definitively.

(4) If the state tax authority refused to issue a tax number in accordance with Subsection (2), the executive officer or member, on account of whom the state tax authority refused the request for tax number, may submit a justification request within eight days of the date of delivery of the resolution on the refusal to issue a tax number to the taxpayer. The deadline shall apply with prejudice; no application for continuation shall be accepted upon missing the deadline.

(5) The state tax authority shall withdraw the resolution regarding the refusal to issue a tax number, and shall issue a tax number, if it was originally refused on the basis of Subparagraph aa) or ab), or Paragraph b) of Subsection (2) and the executive officer or member, on account of whom the state tax authority refused the request for tax number, is able to verify in the proceedings opened according to Subsection (4) at his request that:

a) the taxpayer was unable to satisfy the debt, in consequence of which the tax number was refused, due to the volume of the taxpayer’s outstanding receivables stemming from the failure of buyers and customers to pay - in part or in whole - for goods and/or services the taxpayer has supplied, and

b) the amount of receivables due from buyers and customers, shown as outstanding on the date of the opening of liquidation or involuntary de-registration proceedings, reaches or exceeds the amount of taxes owed, or reached or exceeded the amount of taxes owed on the date of the opening of liquidation or involuntary de-registration proceedings, and

c) the taxpayer in default has taken all measures within reason in the interest of recovering the funds owed to him.

(6) The state tax authority shall withdraw the resolution regarding the refusal to issue a tax number, and shall issue a tax number even if it was originally refused on the basis of Subparagraph ac) of Subsection (2), and the executive officer or member, on account of whom the state tax authority refused the request for tax number:

a) did not have member status in the taxpayer whose tax number had been withdrawn (hereinafter referred to as “cancelled taxpayer”), in consequence of which the tax number was refused, and

b) is able to provide documentary evidence in the procedure opened at his request according to Subsection (4) to verify of having taken all measures - in his capacity of executive officer - within reason in the interest of returning the cancelled taxpayer to compliance.

(7) The state tax authority shall have powers to make inquiries at the taxpayer having delinquent taxes owed according to Subparagraph aa) or Paragraph b) of Subsection (2) to verify the authenticity of the information set forth in the request referred to in Subsection (4), such as whether the goods and/or services have in fact been supplied by the defaulting taxpayer, or at the buyer or customer referred to in Paragraph a) of Subsection (5), or to use the findings of previous inspection in this respect.

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(8) The time limit for hearing the request under Subsection (4) shall not cover the duration of the inspection(s) conducted according to Subsection (7).

(9) The state tax authority shall issue the tax number within one working day from the date of submission of the notice specified in Paragraph b) of Subsection (1) of Section 17 if, relying on the findings of the examination conducted on the basis of the tax identification number disclosed by the court of registry, neither of the impediments described in Subsection (2) is likely to occur inside said time limit, otherwise it shall decide regarding the issue or refusal of a tax number by means of a resolution adopted within eight working days from the date of submission of the notice specified in Paragraph b) of Subsection (1) of Section 17. In this context, it may order the taxpayer’s executive officer or member to declare whether any of the impediments under Subsection (2) apply. The state tax authority shall notify the competent court of registry by way of electronic means if the taxpayer’s tax number had not been issued within the one working day time limit.

(10) If the state tax authority refuses to issue a tax number, the members (shareholders) of the pre-company shall bear joint and several liability for the pre-company’s tax obligations. In the event of non-compliance the state tax authority may impose a default penalty upon all members (shareholders), in the case of private individuals at the rate specified for taxable private individuals.

(11) The state tax authority, in the application of Subsections (1)-(9), shall identify the taxpayer by the technical identification number assigned, that is to be deleted if the application for tax number is refused by final decision. If the state tax authority notifies - according to Subsection (9) - the competent court of registry by way of electronic means that the taxpayer’s tax number had not been issued within the one working day time limit, it shall simultaneously communicate to the court of registry, and the taxpayer via the court of registry, the technical identification number. Before the tax number is issued, the taxpayer shall discharge its tax obligations by using the technical identification number.

(12) If within one year from the date of issue of the tax number the state tax authority comes to the knowledge that the tax number was issued in spite of the existence of either of the impediments under Subsection (2), the state tax authority shall proceed in accordance with Section 24/D in respect of the taxpayer affected.

(13) If any executive officer or member of the taxpayer is or has been involved in a business association in the capacity of member or executive officer, or in which the Hungarian State or an agency exercising ownership rights on behalf of the State holds - directly or indirectly - a share of over 50 per cent or has qualified majority control, the person affected shall be able to submit an application for having the tax registration procedure terminated within a preclusive period of eight days following the date of delivery of the resolution on the refusal to issue a tax number, or the order sent by the state tax authority under Subsection (2) of Section 24/D of the RTA. On the basis of such application, the state tax authority shall withdraw the resolution on the refusal to issue a tax number and shall issue the tax number, or shall terminate the tax registration procedure.

Section 24/D.

(1) The state tax authority, if it comes to the knowledge of any change in the person of the executive officers or members entitled to exercise representation, or members or shareholders if a private limited-liability company or private limited company with a share of over 50 per cent or having qualified majority control (for the purposes of this Section hereinafter referred to as “member”) of taxpayers referred to in Paragraph b) of Subsection (1) of Section 17, shall investigate within thirty days of gaining knowledge of the change, as to whether either of the impediments defined in Subsection (2) of Section 24/C apply on account of the change.

(2) The state tax authority, if it finds that any impediment applies, shall order the taxpayer to eliminate it within fifteen days from the date of receipt of the notice. In the event of the taxpayer’s failure to comply, or to offer a valid excuse, it shall proceed according to Section 24/B, with the exception that the resolution ordering the withdrawal of the tax number shall be delivered to the taxpayer directly, rather than by way of a public notice.

(3) The executive officer or member, on account of whom the state tax authority ordered the taxpayer as per Subsection (2), may submit a justification request according to Subsection (4) of Section 24/C within eight days of receipt of notice; this time limit applies with prejudice. The provisions of Subsections (5)-(8) of Section 24/C shall apply to the evaluation of said request, however, if the state tax authority finds for the taxpayer, the tax number shall not be withdrawn as under Subsection (2).

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Section 24/E.

(1) The state tax authority shall, upon request, make out a certificate within thirty days verifying that neither of the impediments described in Subsection (2) of Section 24/C apply to the holder of the certificate on the date of issue, his involvement in a taxpayer in the capacity of an executive officer or member entitled to exercise representation, or member or shareholder if a private limited-liability company or private limited company with a share of over 50 per cent or having qualified majority control (for the purposes of this Section hereinafter referred to as “member”) shall not lead to the refusal of having a tax number issued to another taxpayer, or to the application of the provisions of Section 24/D in respect of said other taxpayer. The state tax authority shall refuse the request without any investigation as to merits if the request does not contain the requesting party’s tax identification number.

(2) If the state tax authority refused to issue a certificate mentioned in Subsection (1) on the ground of alleging either of the impediments specified in Subsection (2) of Section 24/C, the taxpayer, or private individual not recognized as a taxpayer, affected may submit a request according to Subsection (4) of Section 24/C.

(3) The provisions of Subsections (5)-(8) of Section 24/C shall apply to the evaluation of the request submitted under Subsection (2), however, if the state tax authority finds for the taxpayer, it shall make out the certificate for the taxpayer, indicating the impediment and that the justification had been accepted.

(4) The certificate made out according to Subsection (1) or (3) shall be treated as an official certificate. The state tax authority shall refuse to make out the certificate referred to in Subsections (1) and (3) by way of a resolution if the relevant conditions are not satisfied. The state tax authority shall, furthermore, refuse to make out a certificate if the requesting party is an executive officer or member of any such taxpayer against whom a tax registration procedure is in progress at the time of submission of the request.

(5) The state tax authority may not refuse to issue a tax number for a taxpayer on the grounds described in Subsection (2) of Section 24/C, and may not proceed against the taxpayer according to Subsection (2) of Section 24/D if it finds that all executive officers and members of the taxpayer have a certificate issued according to Subsection (1) within fifteen days to date, except if it finds that the impediment occurred after the time of issue of either of the certificates.

(6) The state tax authority may not refuse to issue a tax number for a taxpayer on the grounds described in Subsection (2) of Section 24/C, and may not proceed against the taxpayer according to Subsection (2) of Section 24/D if the state tax authority has issued a certificate according to Subsection (1) not more than fifteen days ago to any executive officer or member of the taxpayer, to whom either of the impediments described in Subsection (2) of Section 24/C would apply, except if the state tax authority finds that - in addition to the impediment that was justified by the certificate - there are other impediments in respect of the executive officer or member holding the certificate.

Enhanced Regulatory Supervision

Section 24/F.

(1) After the tax number is issued, following the procedure conducted under 24/D, the state tax authority shall conduct procedures for risk assessment without delay, in the application of which it may send a questionnaire requesting the taxpayer to supply the following information with a view to ascertaining compliance with personnel, infrastructure and financial requirements prescribed for the activity which the taxpayer wishes to pursue:

a) detailed description of the activity;

b) information relating to the number of employees, and the nature of employment;

c) description of the assets available for carrying out the activity;

d) information concerning the particulars of the property where the activities are conducted, including the legal title of use;

e) detailed description of financial resources available for the proposed activity.

(2) The state tax authority may subject the taxpayer - by means of a resolution - to enhanced regulatory supervision for a period of up to one year if, according to the findings of the procedures for risk assessment, implementation of the economic activity is deemed risky relying on information obtained in connection with previous economic activities and tax history of the taxpayer’s members (shareholders), or executive officers, or the taxpayer is unable to comply with the personnel, infrastructure and financial requirements deemed necessary for the

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proposed activity, or the personnel, infrastructure and financial conditions available appear to be insufficient for carrying out the economic activity in question.

(3) The risk referred to in Subsection (2) may be considered to exist if the taxpayer’s tax number was issued upon the taxpayer’s request submitted according to Subsection (4) of Section 24/C, or the taxpayer’s tax number had not been withdrawn under Subsection (3) of Section 24/D on account of the state tax authority having accepted the taxpayer’s excuse upon the justification request, or if the state tax authority has issued a certificate for the executive officer or member of the taxpayer under a request submitted according to Subsection (2) of Section 24/E.

(4) The state tax authority, in procedures for risk assessment and during enhanced regulatory supervision, may proceed to verify the genuineness and authenticity of the information the taxpayer has notified or supplied on the questionnaire referred to in Subsection (1), as well as the taxpayer’s compliance with tax liabilities. If during the inspection the state tax authority finds any infringement serving grounds for the suspension or withdrawal of the tax number, it shall apply the sanctions described in Section 24/A or 24/B of this Act.

(5) The state tax authority, in the resolution ordering enhanced regulatory supervision, may:
   a) order the taxpayer to file value added tax returns more frequently than what is normally required under the relevant general provisions - quarterly instead of yearly or monthly instead of monthly, quarterly -, where the transition shall be carried out according to Points I/B/3 ad)-af) of Schedule No. 1 to this Act, and after the enhanced regulatory supervision the taxpayer shall discharge the obligation relating to the submission of tax return in accordance with the relevant general provisions, and/or
   b) order the taxpayer to file the recapitulative statement specified in Schedule No. 8 more frequently than what is normally required, whereby, after the enhanced regulatory supervision the taxpayer shall discharge the obligation relating to the submission of recapitulative statements in accordance with the relevant general provisions, and/or
   c) order the taxpayer to have his tax return, or statement serving as a tax return endorsed by a tax consultant, tax expert or certified tax expert for the duration of enhanced regulatory supervision,
   d) order the taxpayer to submit, together with his value added tax return, to the state tax authority paper-based copies of the documents underlying the tax return.

(6) The state tax authority shall proceed according to Section 24/B, with the exception that the resolution ordering the withdrawal of the tax number shall be delivered to the taxpayer directly, rather than by way of a public notice, if:
   a) the taxpayer fails to respond to the questionnaire mentioned in this Section within the prescribed time limit, or
   b) the state tax authority levied during the enhanced supervision upon the taxpayer a default penalty under Subsection (2) of Section 172 or a tax penalty for arrears stemming from the concealment of revenues or the falsification or destruction of documents, books or records, or
   c) the taxpayer fails - during the period of enhanced supervision - to submit a tax return or recapitulative statement, if required to submit a recapitulative statement upon receipt of notice, and fails to proffer a valid excuse,
   d) the taxpayer fails to discharge the obligation referred to in Subsection (5) upon receipt of notice, and fails to proffer a valid excuse.

Registration upon Notification in Connection with Customs Identification Codes

Section 24/G.

(1) The state tax and customs authority shall register taxpayers upon receipt of notification. The state tax and customs authority shall - in addition to the application of Articles 4k-4t of Commission Regulation (EEC) No. 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code (hereinafter referred to as “EC Implementation Regulation”) - identify taxpayers by way of the VPID code assigned ex officio or upon request in proceedings conducted within its powers and jurisdiction conferred by this Act, the Act on the Implementation of Community Customs Laws, or specific other legislation. In accordance with Article 4k(3) of the EC Implementation Regulation, the VPID code can be used as a registration and identification number (hereinafter referred to as “EORI number”). In connection with activities falling within the scope of customs regulations any reference made to VPID code shall be understood as if made to an EORI number.

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(2) The state tax and customs authority shall refuse to issue a VPID code if the data and information notified is false or incomplete.
(3) The taxpayer’s VPID code shall be indicated on all documents relating to proceedings falling within the competence of the customs authority.
(4) The state tax and customs authority shall ex officio issue a VPID code to any taxpayer:
   a) who has failed to comply with his obligation of notification; or
   b) whose registration by the state tax and customs authority is required in connection with the state tax and customs authority’s statutory responsibilities.

Tax Assessment

Section 25

(1) Taxes and central subsidies shall be assessed:
   a) in respect of taxpayers, by self-assessment;
   b) in respect of payers and employers, by withholding tax; in respect of person required to collect specific local taxes, by collection of taxes;
   c) in respect of the tax authority, by levying, imposition or by posteriori tax assessment.
(2) The amount of tax shall be assessed for each type separately, as well as central subsidies separately for each type of subsidy, and separately for each period for which the tax base and the base for subsidies are required to be determined.
(3) A payer shall assess the income tax of another person if so prescribed by law. If the payer has deducted a tax and/or tax advance, the tax authority shall demand payment of such from the payer.
(4) In cases specified by law, a taxpayer required to collect specific local taxes shall notify the private individual concerned on the amount of such taxes and shall receive them.

Self-Assessment

Section 26

(1) Taxes and central subsidies shall be assessed, declared and paid by taxpayers if so prescribed by law (self-assessment).
(2) Legal persons and other organizations shall determine the amount of tax and central subsidies, with the exception of building tax, property tax, motor vehicle tax, property acquisition duty and procedural fees imposed, by self-assessment.
(3) A private individual shall establish his tax by self-assessment if:
   a) he is an entrepreneur, with the exception of building tax, property tax, motor vehicle tax, property acquisition duty and procedural fees imposed;
   b) he is liable for payment of value added tax;
   c) his personal income tax is not assessed by his employer (payer).
   d)

Tax Assessment by the Employer

Section 27

(1) If the employer undertakes to assess the tax of its employees and the private individual is able to satisfy the conditions laid down in the Personal Income Tax Act, the private individual may - by 31 January of the following tax year - lodge a statement recognized as a tax return for the purposes of legal ramifications to his employer to request the employer to assess his taxes. If the employer refuses to undertake to assess the tax of private individuals, the employer shall inform - conveying the information prescribed by the Personal Income Tax Act - the private...
individuals affected on the option to file a tax declaration statement or a simplified tax return. If the taxpayer opted to comply with his obligation relating to the submission of a tax return, the employer shall - at the taxpayer’s request - make available a paper-based tax declaration statement form.

(2) The employer’s tax assessment shall be treated as the private individual’s tax return for the purposes of audit and legal ramifications. If the employer undertakes to assess the tax of the private individual, the private individual shall be required to provide a statement by 31 January of the following tax year, if he does not wish to have his tax assessment prepared by the employer. The tax shall be declared by the employer to whom the taxpayer has issued his statement.

(3) A taxpayer entering into new employment before the date specified in Subsection (1) may file the aforementioned statement to his new employer. In this case, the payroll statement received from the former employer shall be attached.

(4) The employer shall determine the tax base and the tax amount on the basis of the private individual’s statement by 20 May of the following tax year, taking into consideration the certificates furnished before 20 March of the following tax year, and shall issue a certificate thereof. The employer shall dispatch the tax assessment to the state tax authority by 10 June of the following tax year by way of electronic means.

(5) In the tax return specified in Subsection (2) of Section 31, employers shall supply information by 12 February of the year following the tax year on the private individuals who requested the employer to assess their taxes. Any private individual who has requested his employer to assess his taxes, and who files a personal income tax return nonetheless, shall be able to verify upon receipt of notice from the tax authority, within fifteen days from the date of delivery, that he was ineligible to have his tax assessment prepared by the employer. If the private individual fails to respond to said notice within the prescribed time limit, or fails to verify that he was ineligible to have his tax assessment prepared by the employer, the tax authority shall not process the private individual’s tax return even if it was submitted to the tax authority before the tax assessment that the employer has prepared.

(6) If the private individual verifies, upon receipt of notice under Subsection (5), that he was ineligible to have his tax assessment prepared by the employer, the tax authority shall process the private individual’s tax return, in which case, however, the deadline for disbursement under Subsection (4) of Section 37 shall be calculated from the date of submission of verification.

Tax Declaration Statement

Section 27/A.

(1) Any taxpayer who satisfies the conditions laid down in the Personal Income Tax Act for exercising the option of filing a tax declaration statement, shall be able to comply with the obligation relating to the submission of a tax return by means of a tax declaration statement filed to the tax authority by 20 May of the following tax year using the prescribed form, or by way of electronic means.

(2) The tax declaration statement shall contain the following information only:
   a) natural identification data, home address and the tax identification code;
   b) the total of all taxable income received during the tax year according to the Personal Income Tax Act;
   c) the taxpayer’s personal income tax liability;
   d) the amount of personal income tax and tax advance deducted.

(3) The tax declaration statement shall be treated as a tax return submitted by the taxpayer.

(4) Where a taxpayer files several tax declaration statements or other tax returns with a view to fulfilling his tax obligations, the one that was filed first (including if prepared by the employer) shall be treated as the taxpayer’s tax return.

Simplified Tax Return

Section 28

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(1) Any taxpayer who, according to the conditions laid down in the Personal Income Tax Act, is not excluded from exercising the option of filing a simplified tax return, and did not request his employer to assess his taxes either, or the employer refused to undertake to assess the tax of private individuals, shall notify the competent tax authority by 15 February of the following tax year on the prescribed form or by way of electronic means of his intention to satisfy his tax liabilities by simplified tax return. Furthermore, a simplified tax return may be submitted subject to disclosure of the taxpayer’s home address in Hungary or electronic mail address. The deadline shall apply with prejudice; no application for continuation shall be accepted upon missing the deadline.

(2) Instead of tax assessment prepared by the employer, and instead of a simplified tax return, taxpayers shall have the option to satisfy their tax liability on their own accord. Where a taxpayer files several tax returns, the one that was filed first (including if prepared by the employer) shall be treated as the taxpayer’s tax return.

(3) If the taxpayer did not exercise his option to have the tax authority to fill out his simplified tax return or to have his tax assessed by the employer, or if the employer refused to undertake to assess the tax of private individuals, the taxpayer shall satisfy his tax liability on his own.

(4) Simultaneously with lodging the request for using the simplified tax return system, the taxpayer shall supply - using the prescribed form or by way of electronic means - the information necessary for filling out the simplified tax return, in particular those data, facts and circumstances which are required for claiming tax allowances and which are not available in the tax authority’s records.

Section 28/A

(1) Based on the taxpayer’s statement and on the data and information supplied by the persons required to file monthly tax returns and contribution declarations, the tax authority shall calculate the tax base, the tax amount, any tax refund - including any pension contributions that were deducted in excess of the upper limit pertaining to compulsory contributions - and the amount of tax payable, and shall dispatch the simplified tax return containing these, together with the underlying data which are available in the tax authority’s records before 30 April by way of the postal service or by way of electronic means.

(2) If the taxpayer disagrees with the data indicated in the simplified tax return, or with the underlying data which are available in the tax authority’s records, he shall have the right to make the necessary corrections.

(3) The taxpayer shall send the completed simplified tax return - signed and with any correction where applicable - to the tax authority by 20 May. The taxpayer shall enclose with the tax return his instructions for use of a specified amount of his personal income tax in a sealed envelope, or using a standard electronic form if the tax return is filed by way of electronic means.

(4) The tax authority, taking into consideration the taxpayer’s corrections, shall recalculate the tax base, the tax amount, any tax refund - including any pension contributions that were deducted in excess of the upper limit pertaining to compulsory contributions - and the amount of tax payable, and shall inform the taxpayer thereof, including the amount payable or refundable, by 20 June.

(5) The taxpayer shall pay the amount of tax payable by 20 May, if the data entered by the tax authority had not been corrected, or if the data had been corrected, within thirty days of receipt of the tax authority’s notice. The tax authority shall pay any tax refund within thirty days of receipt of the tax return, or of receipt of the notice on the tax return amended consistent with the corrections. The tax authority shall have powers to exercise its right to withhold funds in connection with any outstanding public dues it has on record at the payment due date.

(6) If the taxpayer uses the program published on the tax authority’s official website to make corrections in his tax return and sends the corrected tax return back to the tax authority by way of electronic means, or on paper with his signature affixed, by way of derogation from Subsections (4)-(5), the tax authority shall not dispatch a notice concerning the result of such corrections, and the taxpayer shall be liable to pay the tax by 20 May.

(7) The simplified tax return, if it was returned by the taxpayer to the tax authority, shall be treated as a tax return filed by the taxpayer, and the amount of tax assessed and communicated to the taxpayer shall be treated as if it was declared by the taxpayer.

Keeping Accounts of Tax and Contribution Differences

Section 28/B

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(1) If the employer discovers any error in the tax assessment it has prepared on behalf of a private individual - in spite of the private individual’s lawful conduct - and the private individual is still in his employment, the employer shall make the necessary corrections in the tax assessment and shall reimburse any tax arrears to the private individual, or shall deduct it from the next payment. The employer shall record the correction of his tax assessment and shall make out a certificate to the private individual of the revised tax assessment. Any deduction that is to be made under this Subsection, together with the deductions specified in Subsections (1)-(2) of Section 41, may not exceed fifteen per cent of that which remains of the monthly wages after health insurance and pension contributions and tax advances have been deducted. If the tax arrears cannot be deducted all at once, the employer shall effect the deduction during the next six months. The employer shall assess, declare and pay the tax arrears deducted or refunded, as appropriate, according to the provisions applicable. The employer shall calculate the self-audit surcharge on the amount of tax not deducted as of the first day following the deadline prescribed for tax assessment by the employer until the date when recorded, and shall declare and pay such surcharge. Upon compliance with the requirement to assess and declare the self-audit surcharge the employer shall be exonerated from the legal consequences of infringement of his tax deduction obligation. If the tax arrears aforesaid cannot be deducted in full, or if the private individual affected is no longer employed by the employer, the employer shall notify the competent state tax authority within fifteen days of failing to effect such deduction, regarding the amount of the tax amount still outstanding and the private individual’s tax identification number, for the tax authority to take the appropriate measures according to the applicable provisions to recover the outstanding amount. In this case, default interest may be charged for the period after the deadline specified in the payment warrant. The private individual may request payment facilities from the tax authority only in connection with the aforesaid failure of the deduction of tax.

(2) If the tax assessed by the employer cannot be corrected as explained in Subsection (1), because:
   a) the private individual affected is no longer employed by the employer who has assessed the tax;
   b) the private individual affected made the correction himself by way of self-audit, and has provided a statement to the employer to this effect;
   c) the private individual’s tax had been assessed by the tax authority due to the private individual’s death,

the employer shall record the tax arrears established at the time when established and shall inform the competent tax authority within fifteen days concerning the amount of the overdue tax, indicating the private individual’s tax identification number. The employer shall, if possible, notify the private individual affected concerning the tax arrears discovered. The employer shall calculate the self-audit surcharge on the amount of tax not deducted as of the first day following the deadline prescribed for tax assessment by the employer until the date when recorded, and shall declare and pay such surcharge. Upon compliance with the requirement of notification and to assess and declare the self-audit surcharge the employer shall be exonerated from the legal consequences of infringement of his tax deduction obligation. On the basis of the employer’s notification, the state tax authority shall officially confirm the tax discrepancy to the debit or credit of the private individual, as appropriate.

Section 29

If the employer concludes after the summary certificate is issued, or the payer concludes after the certificate of payment is issued that the tax and/or tax advance of the private individual was not assessed and deducted in compliance with the provisions of this Act, they shall record the error and notify the competent state tax authority within fifteen days in order to indicate the amount of tax discrepancy, the title of payment, the date of the above-specified certificate and the tax identification number of the private individual, and shall notify the private individual as well, except if the private individual’s mailing address is unknown. If, in consequence of the error, the amount of tax or tax advance deducted is less than what is required by law, the employer (payer) shall calculate the self-audit surcharge on the amount of tax or tax advance not deducted as of the first day following the date of the certificate until the date when recorded, and shall declare and pay such surcharge. Once the reporting, self-audit surcharge assessment and declaration obligations have been satisfied, the employer (payer) shall be exonerated from the legal consequences of infringement of his tax deduction obligation. On the basis of the employer’s (payer’s) notification, the state tax authority shall officially confirm the tax discrepancy to the debit or credit of the private individual, as appropriate.

Section 30

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(1) Private individuals may file a statement with the employer or payer before receiving payment in which they declare that such payment is not subject to any compulsory contribution, with the legal grounds indicated. Such statement shall be treated as a tax return.

(2) Any pension contributions that were deducted in excess of the upper limit pertaining to compulsory contributions may be reclaimed by private individuals who pay their taxes by self-assessment in their income tax returns, provided that the difference was not settled with the employer (payer) during the year.

(3) If the employer (payer) discovers after having issued the certificate of payment to the private individual that the contribution of the private individual was not assessed and deducted in compliance with the provisions of this Act, the employer (payer) shall record the error. If, in consequence of the error, the amount of contribution deducted is less than what is required by law, the employer (payer) shall calculate the self-audit surcharge on the amount of contribution not deducted as of the first day following the date of the certificate until the date when recorded, and he shall declare and pay such surcharge.

(4) The employer, if the private individual affected is still in his employment, after having recorded the amount of contribution assessed and deducted in derogation from what is required by law, shall reimburse the contribution amount in arrears due to the error detected to the private individual, or shall deduct it from the next payment. Any deduction that is to be made may not exceed fifteen per cent of that which remains of the monthly wages after health insurance and pension contributions and tax advances have been deducted. If the arrears cannot be deducted all at once, the employer shall effect the deduction during the next six months. The employer shall assess, declare and pay the contribution arrears deducted or refunded, as appropriate, according to the provisions applicable. If the contribution arrears aforesaid cannot be deducted in full, or if the private individual affected is no longer employed by the employer, the employer shall notify the competent state tax authority within fifteen days in order to indicate the amount of contribution still outstanding and the private individual’s tax identification number, for the tax authority to take the appropriate measures according to the applicable provisions to recover the outstanding amount. In this case, default interest may be charged for the period after the deadline specified in the payment warrant. The private individual may request payment facilities from the tax authority only in connection with the aforesaid failure of the deduction of contribution.

(5) The payer shall notify the competent state tax authority within fifteen days in order to indicate the amount of contribution difference, the title of payment, the date of the certificate of payment and the tax identification number of the private individual, and shall notify the private individual as well, except if the private individual’s mailing address is unknown.

(6) On the basis of the employer’s (payer’s) notification, the state tax authority shall prescribe the contribution difference by way of a resolution to the debit or credit of the private individual, as appropriate.

(7) The employer, if settlement of the contribution difference has failed, and the payer upon compliance with the requirement of notification and to assess and declare the self-audit surcharge shall be exonerated from the legal consequences of infringement of the contribution deduction obligation. If having settled the contribution difference with the private individual, upon compliance with the requirement of notification and to assess and declare the self-audit surcharge, the employer shall be exonerated from the legal consequences of infringement of contribution deduction obligation.

(8) Where the employer has failed to deduct the employee’s contribution during the life of the employment contract from an employee who is no longer in his employment, however, such contribution was declared and paid according to the first indent of Subsection (5) of Section 50 of the SPA, the state tax authority shall be notified thereof, indicating the amount of employee’s contribution that was not deducted and the tax identification code of the private individual affected. The state tax authority shall prescribe the employee contribution that was not deducted, charged to the private individual, and shall take measures, if necessary, to have the said contribution collected. If the amount of contribution charged to the private individual has already been paid or collected, the state tax authority shall notify the private individual’s former employer thereof to have the amount of employee contribution he has properly declared according to Subsection (5) of Section 50 of the SPA corrected by way of self-audit, and to allocate the amount repayable.

Tax Return

Section 31

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(1) A tax return shall contain all of the necessary information for identifying the taxpayer and establishing the tax base, exemptions, allowances, the tax amount, and the base and amount of central subsidies. With the exception of procedural fees, taxpayers shall file a tax return on the prescribed form to declare the amount of tax established by self-assessment, along with the amount of central subsidies showing each type of tax and central subsidy separately, including the case where an indirect customs representative files a tax return in his own name and on behalf of the importer. Filing an application for an advance on or for the more frequent use of central subsidies shall not be construed as a tax return. The tax authority may introduce forms that can be used for declaring tax liabilities and central subsidies under various titles as well as for applying for central subsidies in addition to declaring tax liabilities.

(2) Employers and payers (including if the employer is a private individual who is not treated as a private entrepreneur), as well as the entities listed in Paragraphs l), p), r), s) and t) of Subsection (4) of Section 52 shall, regardless of the frequency of filing tax returns that applies to them, disclose information each month, by the 12th day of the following month, by way of electronic means concerning all payments made to private individuals which are subject to tax and social security contribution liability, including all taxes - exclusive of interest income tax -, contributions and/or the following data:

1. the data of any person required to keep records under Subsection (1) of Section 44 of the SPA (name, registered office, tax identification number);
2. the tax identification number of the predecessor of the employer or payer;
3. the private individual’s natural identification data (including any previous name and title), sex, nationality,
4. the private individual’s tax identification code;
5. the length of the insured period, job code and code of legal title of employment, the private individual’s retirement status and whether he or she receives any benefits provided before the legal age limit, service emoluments, ballet dancers’ annuities or provisional miners’ allowances, and the number of calendar days of pro rata service time;
6. the age allowance guarantee premium;
7. the amount of income on which pension contribution is based, the amount of any premium that is subject to pension contribution, and the amount of pension contributions deducted;
8. the amount on which the private individual is required to pay health insurance contributions in kind, health insurance contributions and labor market contributions in money, the amount of health insurance contributions in kind, and the amount of monetary health insurance contributions and labor market contributions paid or deducted;
9. the reasons for failure to deduct health insurance contributions in kind, monetary health insurance contributions and labor market contributions and/or pension contributions;
10. the period of insurance relationship, if other than the current month, during which any income was paid that is to be included in the contribution base for the current month, or the amount of deducted health insurance contributions in kind or in money, the base and the amount of labor market contributions and pension contributions;
11. the duration of child-care benefits (gyed), child-care allowance (gyes), child-rearing allowance (gyet), attendance allowance, unemployment benefits, the amounts of these provisions and the amount of pension contributions deducted from it, or the reasons for failure to deduct them;
12. the period of suspension of insurance, or the period for which no wages were paid, and the corresponding title codes;
13. job description, including FEOR number, weekly work time, length of employment in a position for eligibility for age allowance;
14. any overtime work performed by workers in the healthcare industry on a voluntary basis in excess of 48 hours per week (in working hours);
15. 
16. the base and amount of percentage of health-care contribution;
17. the amount of income they have paid (provided) and that is part of the consolidated tax base and the tax advance base (showing separately the wages, with the number of months of eligibility also indicated);
18. the cost accounting method and the items of deductions in connection with the tax advance;
19. the amount of tax advance established;
20. the amount of tax advance actually deducted, or the reasons for failure to deduct it;
21. the incomes paid (provided) to private individuals, which are taxed separately, the tax base and tax deducted, or tax not deducted, except for the sums paid (provided):

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a) that are not treated as part of the taxable income,
b) that fall under the zero tax bracket,
c) that comprise part of the taxable income of private entrepreneurs,
d) to the private individual in consideration for the sale of assets (tangible or intangible), if sold by means other than auction;
e) on which the tax is to be paid by the payer;
22. the amount of tax difference to be settled with the private individual;
23. the base and the amount of social contribution tax paid in accordance with specific other legislation for persons holding a START-, START PLUSZ-, START EXTRA, START BONUS card or Rehabilitation Card, and for persons participating in the Karrier Híd (Carrier Bridge) program, calculated without the allowance, and the base and amount of the partial allowance claimed from the social contribution tax determined according to specific other legislation, and the amount of partial allowance claimed from the social contribution tax by the employer relating to any employee returning from child-care leave in accordance with specific other legislation, or any part time employee employed during the period of his/her leave for child care in his/her position, or thereafter working in the same or similar position;
24. the selection made according to Subsection (5) of Section 31 of the SPA by a person insured as a business partner and participating in person in the operations of several business associations concurrently;
25. the amount of income paid to nonresident private individuals, and the amount of tax advance deducted at a rate other than the general rate, or not deducted,
26. the selection made according to Subsection (6) of Section 31 of the SPA by a private entrepreneur who is insured as a business partner as well;
27. the employers employing any workers under the Act on Simplified Employment during the month are required to indicate in connection with this employment the total (net) amount of the wages paid for the day (days) of employment under simplified arrangement during the month - indicating the total (net) amount of wages if employed on more than one day - and the day or days of employment.
28. information concerning the contribution base and the amount of pension contributions paid on service charges.
29. an indication of membership in a private pension fund, if applicable;
30. the base and amount of social contribution tax;
31. where any credit is claimed from the social contribution tax (other than the allowances specified in Point 23), the base and amount of the social contribution tax payable in connection with a private individual, calculated without the allowance, and the legal title for claiming any social contribution tax credit under specific other legislation, indicating also the base and the amount payable.

(2a) Any taxpayer who was liable to file during the tax year the declaration referred to in Subsection (2) for either of the following months, even if he did not incur during the given month any tax and/or contribution payment liability in the absence of any income comprising part of the tax (tax advance) and/or contribution base.

(3) Taxpayers shall indicate their tax identification numbers in their declarations among the data required for the identification of taxpayers. Being in possession of the tax identification number, taxpayers may include any period in the declaration during which they did not have a tax identification number, however, they shall be allowed to claim any refund for such period subject to the restrictions laid down in Subsection (7) of Section 24.

(4) Any taxpayer who is unable to file his tax return shall do so within fifteen days of the cessation of such restraint. An application for continuation with justification of such delay (hereinafter referred to as “application for continuation”) shall be enclosed and lodged with the tax return. Any private individual who is not engaged in entrepreneurial activities and not liable to pay value added tax, if lacking the documents and receipts required for completing his tax return through no fault of his own, on account of which the private individual is likely to be unable to file his tax return in due time, shall notify the delay before the deadline by which the return must be submitted. Private individual taxpayers shall submit the tax return to which the notification pertains together with the application for continuation for the delay in filing. The application for continuation may not be refused if the private individual has any income from abroad as well and proffers an excuse for failing to meet the deadline claiming that an international agreement, reciprocity or foreign tax law applies in determining his tax liability.

(5) Funds, public foundations, associations, public bodies, religious organizations, housing cooperatives, voluntary mutual insurance funds, institutions of higher learning registered as public-benefit organizations and European groupings of territorial cooperation shall file - on a form that replaces a corporate tax return - a formal statement by

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25 February of the year following the tax year, if they did not produce any revenues from business operations (activities auxiliary to business operations in respect of voluntary mutual insurance funds) during the tax year or if they claim no costs and expenses in connection with such activities and business operations.

(6) Lodging a statement on a standard electronic form prescribed by the tax authority shall be treated as equivalent to a tax return, if the taxpayer declares, before the deadline prescribed for filing the tax return, that he did not file the tax return for the period in question on account of lacking any income which would give rise to tax liability. This provision shall not apply to the obligation of filing an interim tax return, nor to the final tax return filed for closing out the activities under liquidation or winding up proceedings, nor to the tax return to be filed upon the conclusion of the liquidation or winding up proceedings.

(7) Where Paragraph a) of Subsection (2) of Section 65 of the PIA applies, the tax and the tax base deducted from the interest income defined in Subsection (1) of Section 65 of the PIA shall be declared by the payer in the gross value in the declaration specified in Subsection (2) as a liability independent of the private individual.

(8) An insured small-scale agricultural producer who does not have any employees shall not be subject to the requirement of filing and data disclosure as specified in Subsection (2) if he did not have any income in the previous year, unless the small-scale agricultural producer commenced activities during the current year or provided a statement to declare his intention to pay the mandatory contributions at rates higher than those required in Subsections (1)-(2) of Section 30/A of the SPA.

(10) Pension paying agencies shall not be subject to the requirement of monthly filing and data disclosure in connection with their payment of pension benefits, rehabilitation benefits, benefits provided before the legal age limit, service emoluments, ballet dancers’ annuities, provisional miners’ allowances and accident compensations and other benefits paid to pensioners.

(11) Payment of taxes and the claiming of central subsidies shall not replace the tax return. Taxpayers required to declare taxes shall file a tax return even if they paid the taxes or have been granted a deferral from such payment.

(13) If no tax return had been filed regarding any tax or central subsidy audited, it may be filed before the day preceding the date of opening of the audit.

(14) Tax returns and statements serving as a tax return may be endorsed by a tax consultant, tax expert or certified tax expert. If an endorsed tax return or statement serving as a tax return contains an error, the tax authority shall impose the ensuing default penalties on the tax consultant, tax expert or certified tax expert concerned.

(15) Any employer that (who) employs a worker during a given month under the Act on Simplified Employment is required to supply from the data covered by Subsection (2) of Section 31 the following information only: employer’s tax identification number, private individual’s name and tax identification code, the private individual’s retirement status and whether he or she receives any benefits provided before the legal age limit, service emoluments, ballet dancers’ annuities or provisional miners’ allowances, and the data covered by Point 27.

Section 31/A.

(1) The person liable for payment of value added tax shall disclose in his value added tax return submitted for a given tax period the tax number of the persons to whom he has supplied any goods covered by Paragraph i) of Subsection (1) of Section 142 of Act CXXVII of 2007 on Value Added Tax (for the purposes of this Section hereinafter referred to as “VAT Act”), the date of supply and - broken down based on the headings specified in Schedule No. 6/A to the VAT Act - the taxable amount rounded off to the nearest one thousand forint value and - except if the products supplied are qualified as hybrids for sowing by definition of specific other legislation, and the supplier provides a statement to that effect - the quantity supplied in kilograms.

(2) The person liable for payment of value added tax shall disclose in his value added tax return submitted for a given tax period the tax number of the supplier from whom he has purchased any goods covered by Paragraph i) of Subsection (1) of the VAT Act, upon which he becomes liable for the VAT chargeable for the given tax period, including the date of supply and - broken down based on the headings specified in Schedule No. 6/A to the VAT Act - the taxable amount rounded off to the nearest one thousand forint value, and - except if the products supplied are qualified as hybrids for sowing by definition of specific other legislation, and the supplier provides a statement to that effect - the quantity supplied in kilograms.

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(1) Persons liable for payment of value added tax in connection with the acquisitions of goods and services, where the amount of value added tax charged reaches or exceeds 2,000,000 forints shall disclose in the value added tax return submitted on the tax period during which exercised the right of deduction based on an invoice issued in proof of completion of the transaction or verifying that payment on account has in fact been made, separately for each invoice:
   a) the first eight digits of the tax number of the taxable person supplying the goods or services, including taxpayers taxed under the simplified entrepreneurial taxation system, or the group identification number in connection with a group taxation arrangement;
   b) the taxable amount and the amount of value added tax charged as shown in the invoice made out to his name, including the invoice number; and
   c) the date mentioned in Paragraph g) of Section 169 of Act CXXVII of 2007 on Value Added Tax, and shown in the invoice, or in the absence thereof, the date of the invoice.

(2) Persons liable for payment of value added tax in connection with the supplies of goods and services, where the amount of value added tax charged to another taxable person registered in the domestic territory reaches or exceeds 2,000,000 forints shall disclose in the value added tax return submitted on the tax period during which he becomes liable for the value added tax chargeable based on an invoice issued in proof of completion of the transaction or verifying that payment on account has in fact been made, separately for each invoice:
   a) the first eight digits of the tax number of the taxable person to whom the goods or services are supplied, or the group identification number in connection with a group taxation arrangement;
   b) the taxable amount and the amount of value added tax charged as shown in the invoice issued, including the invoice number; and
   c) the date mentioned in Paragraph g) of Section 169 of Act CXXVII of 2007 on Value Added Tax, and shown in the invoice, or in the absence thereof, the date of the invoice.

(3) If the person liable for payment of value added tax exercises the right of deduction during the same tax period, with respect to value added tax charged in more than one invoice - including documents treated as invoices - issued by the same supplier of goods or services, where the total amount charged reaches or exceeds 2,000,000 forints, in the value added tax return submitted on such tax period the taxable person shall disclose:
   a) the first eight digits of the tax number of the taxable person supplying the goods or services, including taxpayers taxed under the simplified entrepreneurial taxation system, or the group identification number in connection with a group taxation arrangement;
   b) the amount of value added tax charged as shown in these invoices as payable.

(4) If the invoice is amended, the taxable person who makes out the document amending the original invoice and the taxable person to whom it is made out shall disclose in the tax return showing the amended figures the information specified in Subsections (1)-(2) if the amount of value added tax charged reaches or exceeds 2,000,000 forints either before or after the amendment, or before and after the amendment. In this case the person liable for payment of value added tax shall disclose the particulars specified in Subsections (1)-(2) of the invoice affected by the amendment, covering also the resulting changes in the numbers in terms of the taxable amount and the amount of value added tax payable, and the number of the document amending the original invoice.

(5) In the case of voiding an invoice, the taxable person who makes out the document voiding the original invoice and the taxable person to whom it is made out shall disclose in the tax return showing the updated figures the information specified in Subsections (1)-(2) if the amount of value added tax charged as shown in the invoice - including the amended invoice - reaches or exceeds 2,000,000 forints, including the number of the document drawn up to cancel the original invoice.

(6) Taxpayers taxed under the simplified entrepreneurial taxation system shall disclose information according to Subsections (2), (4)-(5) hereof regarding the invoices issued in the simplified entrepreneurial tax return submitted for the tax year during which the invoice was issued, or during the tax authority’s estimation procedure where Subsection (5) of Section 11 of Act XLIII of 2002 on Simplified Entrepreneurial Taxation applies.

(7) In the application of Section 34 and Section 172, the disclosures referred to in Subsections (1)-(6) (value added tax summary document) shall be governed by the provisions pertaining to declarations.

(8) As regards the invoices issued by any person liable for payment of value added tax and using the cash accounting scheme, the statement referred to in Subsections (1) and (2) hereof shall be made only once, in the value added tax return for the tax period during which the acquisitions of goods and services were made in connection with the supplies of goods and services to which the invoices referred to in Subsection (2) of the invoice affected by the amendment, covering also the resulting changes in the numbers in terms of the taxable amount and the amount of value added tax payable, and the number of the document amending the original invoice.

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added tax return filed for the tax period during which the taxpayer exercises the right of deduction for the first time on the basis of this invoice, and required to assess the amount of VAT payable as charged.

(9) In connection with the acquisitions of goods and services by any person liable for payment of value added tax and using the cash accounting scheme, the statement referred to in Subsection (1) hereof shall be made only once relating to the same invoice, in the value added tax return filed for the tax period during which the taxpayer exercises the right of deduction for the first time on the basis of this invoice.

Declaration of Local Taxes

Section 32

(1) Local business taxes shall be declared by 31 May of the following tax year. Taxpayers shall declare the amount of local business tax advance supplement by the 20th day of the last month of the year to which it pertains, using the standard form prescribed by the municipal tax authority. Local business taxes of taxpayers pursuing business activities on a temporary basis shall be declared by the 15th day of the month following the time of termination of the activities, consistent with the payment deadline.

(2) Taxpayers shall file their tax return within fifteen days of the commencement (modification) of tax liability if they do not assess their local tax themselves.

(3) No new tax return shall be filed in the case defined in Subsection (2) until the change affecting the local tax (tax liability) has in fact occurred.

(4) Persons required to collect specific local taxes shall file a tax return on the taxes collected by the 15th day of the month following the month in question.

(5) If the person liable for payment of building tax or property tax is a nonresident organization, the tax return on the building tax or property tax shall indicate - effective as at the first day of the tax year - the names (corporate names) of the organization's members (shareholders), and the ownership share of each member (shareholder).

Special Provisions on Filing Tax Returns

Section 33

(1) A private individual shall assess his tax and file his tax return according to the provisions set out in the Personal Income Tax Act, or shall have his tax assessed by his employer on the basis of his statement made to the employer.

(2) If an act on central subsidies renders eligibility conditional upon verification of income, the petitioner and the private individuals living in the same household shall file a formal statement, recognized as a tax return, together with the application, with the agency providing such subsidies on their income and revenues on a per capita basis. Such private individuals shall fill out the simplified section for tax declaration of the aforementioned application regardless of whether or not they are otherwise required to file a tax return.

(3) Taxpayers shall file an interim tax return, pertaining to the period not yet covered by a declaration, on all their taxes, with the exception of the personal income tax of private individuals, which are to be declared annually if:

a) a special reporting obligation is prescribed under Chapter VII of the Accounting Act;

b) the taxpayer has established the tax difference on the basis of the closing accounting statement and annual report in accordance with the provisions of the Act on Corporate Tax and Dividend Tax;

c) the taxpayer is wound up without going into liquidation or dissolution, a legal person or other organization whose registration is not mandatory adopts a decision on dissolution without succession in the case of dissolution without going into liquidation, or if terminated without succession in accordance with the Act on Corporate Tax and Dividend Tax;

d) the obligation of a person required to collect specific local taxes no longer applies;

e) a private individual recognized as a private entrepreneur under the Personal Income Tax Act has terminated such activities or if his right to pursue the activities was terminated or suspended, or if lawyers and patent agents, and notaries public have suspended their operations or services, or if the right of a private individual recognized as a

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private entrepreneur under the Personal Income Tax Act to pursue his activities, the right of a lawyer, patent agent or 
notary public to pursue their operations or services was terminated during the period of suspension (hereinafter 
referred to collectively as "event serving as grounds for filing an interim tax return").

(4) The interim tax return on annual taxes shall be filed within the deadline prescribed in the Accounting Act for 
filining the annual accounts in the cases referred to in Paragraphs a) and b) of Subsection (3) or, in the cases referred to 
in Paragraphs c)-e) of Subsection (3), within thirty days of the date of the event serving as grounds for filing an 
interim tax return.

(5) Concerning taxes where the tax assessment period is one month or one quarter, the tax return shall be filed 
regarding the period not yet covered by a declaration within thirty days of the date of the event serving as grounds 
for filing an interim tax return.

(6) Taxpayers undergoing liquidation shall satisfy the obligation relating to submission of a tax return according to 
the Act on Bankruptcy Proceedings and Liquidation Proceedings and in compliance with the provisions of this Act. 
Taxpayers under dissolution shall file their tax return closing out their activities - dated on the day preceding the time 
of the opening of dissolution proceedings - within thirty days following the time of the opening of dissolution 
proceedings -, and shall file their final tax return within the time limit prescribed for compliance with the obligation 
of deposit and publication of the financial statement closing out the dissolution proceedings, together with the 
statement sent for publication, furthermore, the taxpayers whose registration is not mandatory, if terminated by way 
of dissolution, on the day following the date of preparation (approval) of the financial statement closing out the 
dissolution proceedings. Unless otherwise provided for by law, taxpayers shall be required to file a tax return for the 
period covering the duration between the final tax return for closing out the activities and the tax return filed upon 
the conclusion of the liquidation or winding up proceedings according to the general provisions of this Act. 
Simultaneously with the final tax return filed for closing out the activities, or the tax return filed upon the conclusion 
of the liquidation or winding up proceedings the tax returns covering those periods preceding the periods for which 
the final tax return had been filed for closing out the activities, or the tax return had been filed upon the conclusion of 
the liquidation or winding up proceedings, the due date of which is still open at the time of submission of the final 
tax return, or the tax return filed upon the conclusion of the liquidation or winding up proceedings.

(7) In respect of a construction project of a non-resident company in the domestic territory (including construction 
or installation works performed through a branch), tax liability shall, for the first time, be satisfied together with the 
tax liability for the tax year in which the period of construction or installation exceeds the period specified by 
international treaty for classifying such project as a place of business or, in the absence of such treaty, exceeds three 
months. In this case, the non-resident company shall assess, declare and pay the tax subsequently for the previous tax 
year(s) in accordance with the provisions in force for the period in question.

(8) Taxpayers undergoing transformation during the tax year (including the taxpayers established through such 
transformation and those involved in either side of a merger) shall file a tax return on corporate tax advance within 
three days of the day of transformation.

(9) The following taxpayers shall file an interim tax return, pertaining to the period not yet covered by a 
declaration:
   a) members of a group authorized to enter the group taxation scheme, or joining an existing group, within thirty 
days of the operative date of the relevant authorization, concerning their value added tax liability;
   b) in the case of cancellation of a group identification number, the group representative within thirty days of the 
   operative date of the relevant resolution, concerning the group’s value added tax liability.
   c)

(10) Where a taxpayer is terminated by going into liquidation or dissolution, and the employment of any employee 
terminates simultaneously with the taxpayer’s termination without succession, the liquidator or receiver shall submit 
a tax return covering the period between the final tax return and the date of termination without succession on the 
taxes and contributions payable on wages and other benefits similar to wages and salaries within thirty days for the 
date of termination of employment, and shall pay the tax at the same time.

(11) A declaration shall, furthermore, be submitted on any residential property that is not subject to tax charged on 
certain big ticket items, however, its value calculated according to the Act on Tax Charged on Certain Assets of High 
Value reaches 30 million forints where the exemption under Paragraph a) of Subsection (1) of Section 14 of Act on 
Tax Charged on Certain Assets of High Value applies, or 15 million forints where the exemption under Paragraph b) 
of Subsection (1) of Section 14 of Act on Tax Charged on Certain Assets of High Value applies.

(12) The English language translations of the regulations published on this website do not qualify as official translations 
issued by any Hungarian public authority and may not reflect the latest amendments made to the respective 
regulations. UniCredit Bank intends to but does not undertake to update this website by publishing the most recent 
wording of the regulations being entirely effective from time to time.
Section 33/A.

Correction of Tax Returns

Section 34

(1) The tax authority shall examine the tax returns filed in accordance with Section 26 and shall correct any calculation errors and other clerical and typing errors and, if the correction affects the amount of tax to be paid or refunded, shall notify the taxpayer within thirty days of making such correction.

(2) Any taxpayer who disagrees with the aforementioned correction may contact the tax authority within fifteen days of receiving the notice in order to make arrangements for cross-referencing. If cross-referencing fails, the tax authority shall institute the procedure and assess the tax by resolution. Correction of a tax return shall not be construed as auditing, and a resolution passed in the course of such shall not be construed as posteriori tax assessment.

(3) Before an agreement is reached or the resolution becomes definitive the tax refund shall be paid in the corrected amount.

(4) If the corrected amount of tax payable by the taxpayer is lower than the amount declared, the tax authority shall, upon the taxpayer’s request, refund the excess amount within thirty days of receiving proof of payment of tax, or, if tax is outstanding, the taxpayer shall pay tax in the amount as corrected.

(5) If, by virtue of correction, the taxpayer concerned is required to make additional payment and he agrees thereunto, such additional tax shall be paid within thirty days. In the event of the taxpayer’s disagreement, the procedure set out in Subsection (2) shall apply.

(6) If a tax return (application for central subsidy) cannot be corrected without the cooperation of the taxpayer, if the taxpayer fails to file a statement on any outstanding tax debt or public dues or to produce the certificates prescribed by law, or if there is any information missing from the taxpayer’s tax return or formal statement that is not available in the tax authority’s records; the tax authority shall notify the taxpayer within fifteen days to resolve the said discrepancies within the prescribed deadline.

(7) Inside the term of limitation of the right to tax assessment, the taxpayer may also lodge a request to have the tax return corrected in the event of noticing any error in the tax return apart from the tax, tax advance and central subsidies.

Payment of Tax

Section 35

(1) Taxes shall be paid by the person so required by law at the due date specified by this Act or by other acts. Withheld taxes and tax advances shall be paid by the party withholding them. Collected local taxes shall be paid by the person required to collect them.

(2) In the event of a taxpayer’s failure to pay any taxes due and such cannot be collected from him, the following persons may be compelled by resolution to pay such taxes:

a) the taxpayer’s heir up to the value of his hereditary share or, if there is more than one heir, in proportion to their hereditary shares;

b) a donee up to the value of the gift donated by the taxpayer by way of a document following the commencement of his tax liability, unless the donee has lost the gratuitous advantage in a manner for which he is not accountable;

c) the taxpayer’s successor in title;

d) a person standing surety as described in Section 36, and a person assuming a tax debt in respect of the tax set forth in the approved contract, and also where guarantees are required for unpaid taxes under specific other legislation;

e) the perpetrator of a criminal act resulting in any loss of tax revenues, or the person causing pecuniary injury by committing budget fraud, in respect of the tax involved;

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f) in respect of the tax debts of business associations and civil law companies operating under the same name, the member, executive officer, or organization held accountable by the relevant regulations; in respect of entrepreneurs operating under the liability of a legal person, the person assuming such liability and the person that (who) is held accountable for the liabilities of the enterprise by law;

g) in respect of the tax debt of condominium associations (resort condominiums, common garages), building societies, the co-owners concerned;
h) each owner of a particular asset in respect of taxes imposed on their common property;
i) in respect of the tax debt of a child under parental custody, with the exception of tax debts connected to income earned under employment, the parent exercising custody up to the value of assets under his or her control.
j) in the case of employment relationships concluded with several employers, the employer covered by the Labor Code, who is not treated as an employer under this Act, as regards the taxes related to such employment relationships;
k) as regards the taxes related to employment relationships concluded with several employers, the person who participates in the employee sharing arrangement at the time when the tax liability commences in the capacity of an employer according to the Labor Code, if the person liable for the tax payable according to Paragraph j) failed to pay the tax as due and such cannot be recovered from him.

(3) In the absence of the resolution referred to in Subsection (2) the claim may be enforced in a judicial or non-judicial proceeding nonetheless, with the exception of assigned claims, which may be enforced only if assigned subsequent to 10 July 2005 by the body that is otherwise authorized to recover the claim.

(4) A person liable to pay tax may not set off his claim from the state or a municipal government in his taxes due.

(5) In respect of the direct or indirect tax debts of a non-resident company, also if incurred through its Hungarian branch, and of the outstanding public dues of such company that fall under the scope of this Act, its branch may also be compelled by resolution to pay such debts on the grounds of joint and several liability.

(6) If the tax authority subsequently finds that the person applying for a START, START PLUSZ, START EXTRA or START BONUS card in accordance with Section 20/A of this Act has provided any data or information in the application as prescribed in specific other legislation that is false or untrue, and has provided them in bad faith, the tax authority shall adopt a resolution - if the card obtained in this fashion is used - to order the holder (user) of the card to repay the difference between the amount of social contribution tax paid at the preferential rate provided to the employer and the amount of social contribution taxes calculated at normal rates according to the general rules.

(7) Section 36

(1) In respect of tax payment, suretyship may be assumed according to the provisions of the Civil Code, or a tax debt may be assumed by another person; however, such action shall not affect the legal title of the tax authority’s claim thereof.

(2) The undertaking of suretyship or the assumption of the debt of another person shall become effective upon the tax authority’s approval. The tax authority shall deny approval if payment of the tax is not guaranteed considering the person standing surety or assuming the debt.

(3) The tax authority shall consent to having a tax debt assumed on condition that the original taxpayer guarantees payment of the assumed debt. A debt may be assumed unilaterally in the absence of the original taxpayer’s guarantee, if this is in the legitimate interest of the person assuming the debt. In the event that the person assuming the tax debt fails to effect payment in due time, such debt shall be collectible from the original taxpayer providing the guarantee without a special resolution for payment.

Section 36/A

(1) In connection with the performance of public procurement contracts, the tenderer to whom a public contract was awarded under the Act on Public Procurement (hereinafter referred to as “Procurement Act”), i.e. the payer, may remit - without the obligation of withholding - any payment to subcontractors over 200,000 forints net in a given month, exclusive of value added tax, under contract in accordance with the Procurement Act and also under civil contracts, for work performed if:

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a) the subcontractor in question is able to present, deliver or send before the payment is actually effected a non-debt combined tax certificate issued within thirty days to date; or
b) the subcontractor in question is listed in the register of taxpayers free of tax debt obligations at the time of payment.

Payer means the tenderer, as well as subcontractors governed by the Procurement Act and also under civil law.

(2) The payer shall inform - in a clause installed in the contract in writing - its subcontractors relating to all contracts signed in connection with the performance of public procurement contracts, that payments relating to the contract, if properly performed, are governed under this Section.

(3) Upon having the combined tax certificate showing any outstanding public dues presented, delivered or sent, the payer shall withhold payment up to the amount of outstanding public dues. If the combined tax certificate registers any public dues outstanding, and the payer makes the payment nonetheless without withholding, the payer shall be subject to joint and several liability up to the amount of payment for any outstanding public dues of the subcontractor existing at the time of payment. The obligation of withholding shall not apply to value added tax. The payer shall not be required to withhold payment and shall not be subject to joint and several liability if he did not receive the information referred to in Subsection (2) in his capacity as a subcontractor, and if the organization presenting the certificate is undergoing liquidation.

(4) The state tax authority, if it shows any outstanding public dues owed to the state tax and customs authority in the combined tax certificate requested in connection with the performance of a public procurement contract, shall proceed at the time of issuing the tax certificate to seize the claim in accordance with the provisions on judicial enforcement. After withholding and after the claim is seized, the payer is relieved from joint and several liability. The payer shall effect payment of any sum above the amount of outstanding public dues owed to the state tax and customs authority within the time limit otherwise applicable, before any enforcement measures are taken by the tax authority.

(5) Where the payments referred to in Subsections (1)-(3) are effected among affiliated companies, each affiliated company participating in the implementation of a public procurement contract shall be subject to joint and several liability up to the amount paid out for the outstanding public dues of any affiliated company owed to the state tax and customs authority - existing at the time the payment was effected - to which the payment was made.

(6) The provisions of Subsections (1)-(4) shall also apply to contracts by and between the contracting entity specified in the Procurement Act or any person acting in its name and on its behalf, and the winning tenderer, with the exception that the contracting entity shall not be subject to the obligation of withholding in connection with deposits and guarantees required, and shall not be subject to joint and several liability.

(7) A combined tax certificate may be used within the thirty-day period of validity for payments made under this Section in connection with more than one payers.

(8) In the case of the subcontractor factoring (assigning) any of his receivables due from the payer, the payer shall be authorized to make payment to the factoring agent (assignee), if the factoring agent (assignee) or the subcontractor is able to present a combined tax certificate pertaining to the subcontractor, or if the subcontractor is listed in the register of taxpayers free of tax debt obligations, otherwise the payer shall be subject to joint and several liability and to the obligation of withholding.

(9) The provisions of this Section shall not apply if the debt indicated in the tax certificate originates from before 30 September 2008.

Section 36/B

(1) The state tax authority, upon receipt of the taxpayer’s application to that effect, shall admit the taxpayer into the register of taxpayers free of tax debt obligations effective as of the tenth day of the month following the month when the application was submitted, if according to the findings of the tax authority’s inspection, the taxpayer meets the statutory requirements prescribed for admission into the register of taxpayers free of tax debt obligations. The taxpayer shall supply a special statement of having satisfied all declaration and payment obligations by the last day of the month preceding the month when the register of taxpayers free of tax debt obligations is published. Admission into the register of taxpayers free of tax debt obligations shall constitute approval of the application. Such applications may be submitted only by way of electronic means.
(2) Where a taxpayer is unable to comply with either of the requirements prescribed for admission into the register of taxpayers free of tax debt obligations, the state tax authority shall request the taxpayer to remedy the deficiencies within ten days, and shall adopt a resolution refusing the application in the event of non-compliance. The remedy of deficiencies, or the resolution of the first instance shall indicate the specific condition with which the taxpayer failed to comply, including the sums of debts where applicable. If the taxpayer complies with the request for remedying the deficiencies within the prescribed deadline, the tax authority shall admit the taxpayer into the register of taxpayers free of tax debt obligations by the tenth day of the month following the month when the said deficiencies had been remedied.

(3) Remedy against the aforesaid resolution is available according to the provisions on registration proceedings, with the exception that the appeal must be lodged within eight days of receipt of the resolution of the first instance, and also that the tax authority shall adopt a decision regarding the appeal within eight days.

(4) The tax authority shall update the register of taxpayers free of tax debt obligations on the tenth day of each month. Where a taxpayer fails to comply with either of the relevant conditions following admission into the register of taxpayers free of tax debt obligations, the tax authority shall remove such taxpayer from the register of taxpayers free of tax debt obligations, and shall notify the taxpayer affected electronically and in writing as well. Subsequently, admission into the register of taxpayers free of tax debt obligations may be requested by lodging a new application.

(5) Where expressly prescribed by the relevant legislation, admission into the register of taxpayers free of tax debt obligations shall be deemed equivalent to a tax certificate issued by the state tax authority.

**Deadlines of Payment and Disbursement**

*Section 37*

(1) Tax shall be paid on the date prescribed in the Schedule to this Act or in other acts (due date). Unless otherwise prescribed by this Act, the tax levied by the tax authority shall be paid within fifteen days of the effective date of the resolution. In the event of the dissolution of a business association without being entered in the register of companies prior to the prescribed deadline of a tax established by the tax authority by resolution, all taxes falling due for the entire tax year in question shall be paid in full by the date of dissolution.

(2) The date of payment of tax shall be the day when a taxpayer’s domestic payment account is debited by the payment service provider carrying the account or, in respect of taxpayers with no payment account, the day when taxes are paid in cash at the credit institution or at the tax authority, if so permitted by the relevant legislation, or on the date of postage. In all other cases, the date of payment of the tax shall be the day when it is credited to the account of the tax authority.

(3) Unless otherwise provided for by the Duties Act, procedural fees shall be paid upon submission of the application to which it pertains.

(4) The date of disbursement of central subsidies due to a taxpayer shall be prescribed in the Schedule to this Act or by another act. Such central subsidies shall be disbursed as of the date of receipt of the petition (declaration), in any case no sooner than within thirty days of the due date, while value added tax refunds shall be transferred within seventy-five days. If the taxpayer presents his claim for subsidies in the tax return filed upon the conclusion of the liquidation (simplified liquidation) or dissolution (simplified dissolution) proceedings, such central subsidies shall be disbursed within sixty days in the case of liquidation or dissolution, and within forty-five days in the case of simplified liquidation or simplified dissolution proceedings; these time limits shall be calculated from the date of receipt of the final tax return, or from the due date at the earliest. The tax authority shall comply with any request for refund of tax (central subsidies) indicated in the private individual’s personal income tax return within thirty days from the date of receipt of the claim (tax return), following 1 March of the following tax year at the earliest. Central subsidies, if established by the tax authority, shall be disbursed within thirty days of the effective date of the decision thereon. The deadline for such payment shall be calculated:

a) as of the day on which the correction is made if the tax authority has ordered the taxpayer’s tax return or application to be corrected pursuant to the provision of Subsection (6) of Section 34;

b) as of the day on which the reason is terminated if the audit cannot be concluded or is delayed for reasons within the taxpayer’s control;

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c) as of the date of delivery of the report on the findings of the audit if an investigation concerning the legality of a petition commences within thirty days of the submission of such claim (tax return) and if a default penalty is imposed for obstructing the audit or if detention is implemented.

(4a) By way of derogation from Subsection (4), payments of value added tax refunds shall be made as of the day of receipt of the tax return, in any case no sooner than within thirty days of the due date, if the amount of the refund is over 1 million forints, payment shall be made within forty-five days in the event if the taxpayer paid the consideration invoiced in full, inclusive of VAT, due for all transactions giving rise to the chargeability of VAT - where on the basis of the invoice or invoices made out on such transactions the taxpayer exercises the right of deduction during the relevant tax period - or if the taxpayer’s debt is satisfied in full by other means. If the condition aforementioned applies, the taxpayer shall so indicate it in the tax return. In the application of this provision, the consideration shall considered paid if withholding is made, if any, exclusively for the purpose of performance guarantee stipulated in the contract.

(5) The date of disbursement shall be the day when the tax authority issued the payment order therefor. The tax authority’s act of exercising its right to withhold funds shall also be construed as disbursement of central subsidies. In this case, the date of disbursement shall be the day when the tax authority decreases the amount of tax debt on record by the amount withheld or the day on which it issues the payment order to the credit of the organization of record of the outstanding public dues.

(6) If the tax authority falls in delay in disbursing funds, it shall pay an interest on such amount for each day of delay calculated by the rate of default interest. No interest shall be paid for late payment if the petition (declaration) carries no eligibility in respect of over 30 per cent of the amount requested (declared) or if payment was delayed due to negligence on the taxpayer’s part or the person subject to compulsory data disclosure.

Section 37/A.

If the taxpayer fails to notify the taxation method relating to value added tax by the deadline prescribed in the tax authority’s notice, - unless otherwise provided for in this Act or other legislation enacted under authorization of an act - the taxpayer’s right to claim or request tax refund, central subsidies, or the repayment of any amount overpaid shall be suspended pending compliance with the obligation in question.

Method of Payment and Disbursement

Section 38

(1) The taxpayers required to maintain bank account shall satisfy their payment obligation by transfer from their domestic bank account, in respect of payments made to the state tax and customs authority including payments made by transfer through the sub-system for electronic payments and settlements in accordance with specific other legislation. Taxpayers required to maintain bank account shall have the option to discharge their payment obligations to the state tax and customs authority in connection with procedural duties, administrative service fees payable for proceedings of the state tax and customs authority, registration fee relating to untaxed income from work outside the tax system, contribution payment obligations relating to simplified employment, and - if under judicial enforcement - payments to be made to the bailiff’s deposit account:

a) by means of cash-substitute payment instrument (bank card), or
b) by means of bank card and POS terminal through the sub-system for electronic payments and settlements in accordance with specific other legislation.

(1a) The payment obligation of taxpayers not required to maintain bank account shall be satisfied by way of transfer from their domestic payment account, or by way of money remittance. Taxpayers not required to maintain bank account shall have the option to discharge their payment obligations to the state tax and customs authority:

a) by means of cash-substitute payment instrument (bank card), or
b) by means of transfer, or bank card and POS terminal through the sub-system for electronic payments and settlements in accordance with specific other legislation.

(2) Resident legal persons, unincorporated business associations and private individuals who are liable to pay value added tax - including private entrepreneurs - (hereinafter referred to collectively as “taxpayers required to open

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a current account") shall have at least one domestic current account. Taxpayers required to open a current account shall be authorized to open current accounts only within the framework of their regular business activities. Taxpayers required to open current accounts shall comply within fifteen days from the date of receiving their tax numbers. Taxpayers shall indicate in their tax return and in the application for subsidies the number of the payment account to which they wish to have the central subsidies transferred.

(3) Unless otherwise provided by an act of Parliament or government decree, taxpayers required to open a current account shall keep all their monetary assets in a current account, with the exception of funds kept on hand for cash transactions, and execute their financial transactions through such current account, and enter into a current account contract for this purpose.

(3a) Taxpayers required to open a payment account shall be allowed to make cash payments within the framework of their taxable activities to other taxpayers required to open a payment account, under contract to which the payer or another taxpayer is a party, in consideration of supplies of goods or services specified therein, up to five million forints in a calendar month.

(3b) Cash payments made by a taxpayer required to open a payment account to the same taxpayer under contract which involve the same parties shall be considered - for the purposes of Subsection (3a) - to have been made under a single contract if it can be established beyond doubt that the legal act between the parties had been fixed in more than one contract contrary to the principle of due course of the law.

(4) The tax authority shall remit payment of central subsidies that are due to a taxpayer required to open a current account only to the taxpayer's domestic current account. The central subsidies that are due to a taxpayer who is not required to open a current account shall be paid by credit transfer to a domestic payment account or by way of delivery of cash payment made from payment account. The tax authority shall remit payment of tax refunds to a nonresident taxpayer who is not required to open a current account in the domestic territory to the foreign payment account and in the currency indicated by the taxpayer. In connection with any currency that is not listed by the Magyar Nemzeti Bank (National Bank of Hungary) and there is no forint exchange rate available, the euro exchange rate published by the Magyar Nemzeti Bank shall be applied. The costs of conversion shall be borne by the nonresident taxpayer.

(5) In the case of factoring central subsidies and tax refunds - if the taxpayer encloses the contract with his tax return - the tax authority shall transfer the central subsidy or tax refund to the account of the factoring financial institution. The tax authority may exercise its right of withholding with respect to the taxpayer’s debt. The taxpayer may not instruct the tax authority in his tax return to transfer the central subsidy requested or tax refund claimed to settle any tax liability he has indicated. In the event of late payment, the default interest shall be paid to the factoring financial institution.

(6) In respect of duties and taxes under the jurisdiction of municipal tax authorities, the relevant legislation may prescribe other payment methods as well.

Section 39

All payment obligations governed in this Act and all central subsidies must be made in Hungarian forints.

Section 40

(1) Taxpayers shall pay the taxes they owe to the tax authority separately in respect of each tax category to the appropriate tax account, while central subsidies shall be reclaimed from the respective accounts in respect of each type of subsidy. Penalties, surcharges and expense reimbursements shall be paid to separate accounts.

(2) Any sum paid in recompense in connection with budget fraud (Criminal Code, Section 310) shall be paid to the credit of the special account of the state tax and customs authority by the perpetrator covering the amount of pecuniary injury caused by the criminal conduct, based upon which all charges may be reduced or dropped.

(2a) Any sum paid in recompense in connection with tax fraud in effect until 31 December 2011, and any employment related tax fraud shall be paid to the credit of the special account of the state tax and customs authority by the perpetrator covering the amount of damage caused by the criminal conduct, based upon which all charges may be dropped.

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(3) Any sum intended to mitigate the pecuniary injury caused by any budget fraud (Criminal Code, Section 310) relating to taxes and central subsidies conferred under the competence of the state tax and customs authority shall be paid to the credit of the special account of the state tax and customs authority in the course of the criminal proceeding from the time of ordering the investigation until the final conclusion of the criminal proceeding, based upon which charges may be reduced.

(4) Unless otherwise provided by law, duties shall be paid to the account of the state tax authority.

Section 41

(1) Where income tax is assessed by the employer, the difference between the actual tax and the amount of tax advance withheld shall be deducted or refunded by the employer at the next official payment date, or by 20 June at the latest.

(2) The sum of outstanding tax deducted monthly from wages shall not exceed 15 per cent of the monthly wages, less healthcare and pension contributions and tax advances. If the total sum of the outstanding tax cannot be deducted in this manner before the deadline specified in Subsection (1), deductions shall be continued for two more months at the aforementioned 15 per cent rate.

(3) If there is any outstanding tax remaining after the deductions under Subsection (2) or if the private individual in question changes employment in the meantime, the employer shall notify the competent state tax authority within fifteen days of failing to effect such deduction, regarding the amount of outstanding debts, for the tax authority to take the appropriate measures. In this case, default interest may be charged for the period after the deadline specified in the payment warrant.

(4) Private individuals may request permission for payment by installments or deferral from the tax authority solely upon the failure to effect tax deduction as described in Subsection (3).

Payment of Tax Advance

Section 42

(1) Taxpayers shall fulfill their tax advance payment liability by self-assessment. Tax advance payment liabilities may also be prescribed by way of payment warrant. In this case, the tax authority shall issue a payment warrant within thirty days of the annual return or the filing of estimated taxes specifying the amount and due date of tax advance to be paid.

(2) A taxpayer may request the tax authority to revise the amount of tax advance if the advance is paid on the basis of the previous period (year, quarter, half-year) and the amount of tax, according to the taxpayer’s calculations, will be less than the amount of tax advances payable on the basis of the previous period.

(3) If the tax authority prescribed tax advances to be paid in equal installments, a taxpayer may, in justified cases, request permission to effect payment in sums other than that specified.

(4) The revision of tax advance payments described in Subsection (1) shall be requested prior to the due date of such payments.

(5) The state tax authority may prescribe a duty advance to be paid on the basis of the value declared.

(6) Where tax advance is not required by law it can be paid regardless.

Records of Payments

Section 43

(1) The tax authority shall maintain an account for each taxpayer containing the taxpayer’s tax liability and claims for central subsidies, as well as any payments and disbursements effected in respect thereof. A taxpayer’s liabilities shall be recorded on the basis of his tax return, including the self-audit form, and on resolutions issued by the tax or another authority, while payments and disbursements shall be recorded on the basis of the statements issued by financial institutions or the post office. The tax authority shall register tax liabilities, payments and disbursements
separately for each type of tax and central subsidy. The state tax authority shall record payments received on behalf of the Health Insurance Fund and the Pension Insurance Fund in separate accounts. In connection with transformation, any central subsidy and overpayment and any tax debt shown under the predecessor’s account shall be transferred to the successor’s account.

(1a) If the state tax authority shows any tax liability on a taxpayer’s account based on the resolution of another authority - provided that an act or government decree so provides - the authority having established the liability shall transfer the necessary data and information to the state tax authority by way of electronic means, and shall retain the underlying resolution until the term of limitation of the right of enforcement lapses. Responsibility for ascertaining the accuracy of the data and information supplied electronically lies with the authority having adopted the resolution.

(2) Any sum awarded by final court verdict in connection with a criminal offense relating to taxes and central subsidies conferred under the competence of the state tax and customs authority paid by the perpetrator shall be transferred by the tax authority to the payment account of the taxpayer who has incurred any payment obligation in connection with the criminal conduct.

(3) In the event of a taxpayer paying only a fraction of his tax liability to the tax authority, payments for the various types of taxes shall be recognized in the order of due dates. In respect of tax debts collected by the tax authority, the amount in question shall be recorded in the order of due dates of the taxes and, in respect of taxes with identical due dates, as a proportion of the debt. In the case of enforcement by the state tax authority, the amount recovered shall be applied first to cover the personal income tax advance of private individuals, the income tax deducted, or the contributions the payer has deducted from private individuals in the order of due dates of the taxes and, in respect of taxes with identical due dates, as a proportion of the debts. The sum remaining shall be used to cover other delinquent taxes in the order of due dates of the taxes and, in respect of taxes with identical due dates, as a proportion of the debts.

(4) In his tax return, a taxpayer may instruct the tax authority to apply the requested central subsidy to the payment of a tax liability specified by the taxpayer. Upon the application of a legitimately requested central subsidy, such tax shall be construed paid and the central subsidy disbursed. The date on which the petition (declaration) is submitted or, at the earliest, the date on which the subsidy is due shall be construed as the date on which the tax is paid or the date on which the central subsidy is disbursed.

(5) If the amount paid by a taxpayer or a person liable for the tax payable [Subsection (2) of Section 35] to the tax authority for any type of tax is higher than his tax liability for that particular type of tax (overpayment), the tax authority shall credit the amount in excess to another tax liability on record if so requested by the taxpayer. Following the term of limitation of the right for reclaiming overpayments the tax authority shall - of its own motion or upon request - credit the amount of overpayment to another tax liability on record of the taxpayer, or shall cancel it ex officio if the taxpayer has no outstanding tax liability. A tax paid to the wrong tax account maintained by the same tax authority shall be construed as paid. The amount of overpayment that exists on the day preceding the day of the opening of bankruptcy or liquidation proceedings, or if the taxpayer was granted temporary moratorium before the opening of bankruptcy proceedings, on the day preceding the initial day of the temporary moratorium, and the amount of overpayment shown on the account of a taxpayer who has been terminated without succession shall be applied by the tax authority ex officio to offset any outstanding tax debt of the taxpayer on record. A taxpayer undergoing liquidation may submit a request for refund of any overpayment enclosed with the final tax return at the earliest.

(6) If the taxpayer has no delinquent taxes owed and he has satisfied the obligation relating to the submission of a tax return, he may apply to have the excess sum repaid. In the event of the taxpayer’s failure to do so, the tax authority shall apply the amount of overpayment to future taxes. The tax authority may repay any excess payments only if the payer has no outstanding public dues on such authority’s records that are to be enforced as taxes.

(7) The taxpayer may apply for having any amount of overpayment erroneously made to the tax authority’s account repaid pursuant to the regulations on overpayments, if the tax authority’s records indicate no overdue debts for such taxpayer.

(8) Where a tax account shows a debt or overpayment of 1,000 forints or more, the tax authority shall send a statement to the taxpayers concerning the balance and any default interest charged on their tax accounts by 31 October. The state tax authority shall not send a statement concerning the balance and any default interest charged on their tax accounts to the taxpayers required to file their tax returns and supply data in electronic format, or who filed their tax returns in electronic format voluntarily.

(9) The English language translations of the regulations published on this website do not qualify as official translations issued by any Hungarian public authority and may not reflect the latest amendments made to the respective regulations. UniCredit Bank intends to but does not undertake to update this website by publishing the most recent wording of the regulations being entirely effective from time to time.
(10) Where a taxpayer has any amount overpaid according to the state tax authority’s or the customs authority’s records, and requests to have such overpaid amount transferred to the customs or the state tax authority, respectively, for the settlement of any debt, the date of payment of such debt shall be the date when the payment is credited to the competent tax authority’s account.

(11)-(12)

Sections 43/A-43/B

Accounting Documents, Books and Records

Section 44

(1) The accounting documents, books and records prescribed by the relevant legislation, including electronic data and information recorded on any type of computer carrier medium, shall be made out and maintained with facilities to contain all information regarding the tax base, the amount of tax, tax exemptions, tax allowances, the basis and amount of central subsidies as well as the payment of taxes and the claims of central subsidies in such a manner that they can be used for audit and control.

(2) Unless otherwise prescribed by the relevant legislation, the books and records shall be kept in such a manner that:
   a) the entries contained therein are substantiated by the documents prescribed by this Act, the legislation on accounting documentation systems and other relevant legislation;
   b) all of the data are included - without any interruption and broken down according to each type of tax and central subsidy - along with the relevant documentation therefor;
   c) the basis for the tax and subsidy declared for the period is clearly indicted;
   d) they make it possible to control and audit the payment of taxes, the use of central subsidies and the examination of underlying documents.

(3) Nonresident business associations engaged in economic activities in a place of business other than a branch and foreign-registered taxpayers whom are treated residents for tax purposes shall satisfy the obligations described in Subsections (1)-(2) in compliance with the Accounting Act, according to the provisions pertaining to companies using double-entry bookkeeping.

Accounting Documents and Receipts

Section 45

The persons liable for payment of value added tax shall make out the accounting documents (invoice, cash invoice, receipt) prescribed by law, including the receipts issued by cash registers approved by an agency authorized thereunto by the relevant legislation, in respect of the sales they make. Such certificates shall be filed and registered as documents subject to obligation of strict accounting.

Section 46

(1) Payers and employers shall issue and deliver on payment a certificate indicating the full amount and the legal title of payment made to a private individual, the amount serving as the basis of the tax advance, tax, contribution, and social security contribution payable by the employer or payer, or the amount of social security contribution actually payable by the employer or payer, the amount of tax advance deducted, and the tax or contribution itself. The employer shall indicate on the certificate the amount of family tax allowance included in the tax advance. This provision shall also apply to the payment offices of the social security agencies making payments of taxable social security benefits. By 31 January of the year following the year in question, employers, payers and payment offices of the social security agencies making payments of taxable social security benefits shall issue to private individuals a summary certificate (hereinafter referred to as “summary certificate”) containing the aforementioned items (with the
exception of payments made to entrepreneurs in this capacity), the items decreasing revenue at the time of payment, and the items deducted from the tax and tax advance. A private individual may claim the family allowance that is due to but cannot be claimed by his spouse (domestic partner) living in the same household:

a) in his tax return;

b) in his tax assessed by the employer;

c) by self-audit in the cases defined in Paragraphs a)-b).

(2) Social security agencies shall issue a certificate on the full amount of taxable social security benefits that have been paid, the amount of payment, and the tax advances deducted for the private individual upon payment.

(3) A certificate granting eligibility for a taxpayer to decrease his revenues, tax base or tax shall be issued on the date when the entitlement to such benefit commences, or on or before 15 February following the tax year.

(4) If the employment of a private individual is terminated in the course of a year, the employer shall, at the time the employment is terminated, issue the private individual a certificate (verification, data sheet) regarding income paid during the tax year and deducted tax advances. The certificate shall contain the data disclosed by any previous employer in the same tax year.

(5) Certificates shall also be issued as set forth in Subsection (5) in the case of the death or retirement of a private individual. In case of the death of a private individual, the certificate shall be issued to a relative of his living in the same household or, in the absence of such, to his heir.

(6) Payers and employers must keep records of the amounts paid to private individuals as well as the deducted or assessed taxes in accordance with the provisions on accountancy.

(7) A person required to collect specific local taxes shall keep records of the taxes collected with facilities to determine the tax base and the tax itself; such person shall issue receipts to taxpayers.

(8) Payers shall provide persons receiving dividends with accounting documents (certificates) that contain the name (corporate name), tax identification number, registered office (place of business) or home address of the payer and the recipient, the legal title of payment, the year when the dividend was paid, the date of issue of the accounting document (certificate), the tax base and the amount of tax assessed. No verification of eligibility for tax refund may be issued in respect of the payment of any interim dividends or if the dividend and/or corporate tax was not deducted by the payer.

Retention of Accounting Documents

Section 47

(1) The documents described in Subsection (1) of Section 44 shall be safeguarded by taxpayers required to maintain them at a place registered with the tax authority.

(2) Documents may be moved to another place for the purpose of bookkeeping and processing for the duration required, but they shall be presented to the tax authority within three working days on demand.

(3) Irrespective of the filing system employed, taxpayers shall retain all documents until the term of limitation of the right of tax assessment or, in respect of deferred taxes, for five years from the last day of the calendar year in which the deferred tax is due.

(4) Employers (payers) shall retain the accounting documents that serve as the basis for assessing their tax and tax advances for the period mentioned in Subsection (3).

(5) Upon the termination of tax liability, documents shall be retained for the period mentioned in Subsection (3):

a) by the successor of a legal person or by the person obliged to do so by the relevant legislation or by resolution;

b) by the cooperative or state farm approving the operation of a specialized group;

c) by the legal person assuming responsibility for a work association operating under the liability of a legal person;

d) by the person specified in specific other legislation in respect of an unincorporated business association.

(6) A private individual shall retain his documents himself. If tax liability terminates due to the death of the private individual, the documents shall be sent to the state or the municipal tax authority by a relative of his living in the same household or, in the absence of such, by his heir.

(7) Where deemed necessary with a view to the opening of a mutual agreement procedure prescribed in the international treaty on double taxation, taxpayers and employers (payers) shall be required to retain the documents.

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and receipts required for tax assessment when so notified by the state tax authority, for the period and to the extent specified in the notice. The obligation to retain documents may be extended on several occasions, as deemed necessary, however, it may not exceed the time of closure of the mutual consultation procedure. These provisions shall also apply to the mutual consultation and arbitration procedures conducted according to the Convention on Arbitration Procedures as specified under Section 176/A.

(8) The obligation described in Subsections (1)-(6) of this Section pertains to the originals of the documents, or unless it is precluded by the relevant legislation - in the absence of the original, to authentic copies produced electronically in accordance with specific other legislation. In administrative tax proceedings, if there is no statutory obligation to retain the originals of specific documents and the taxpayer does not have them, they may not be requested.

Filing a Formal Statement

Section 48

(1) If so instructed by the tax authority, taxpayers and private individuals not treated as taxpayers shall disclose in a statement any data, fact or circumstance known to or shown in the records of such taxpayers to the tax authority for the purpose of conducting the proceedings prescribed by law for the assessment and control of the tax liability, the tax base, tax allowances, the tax amount or central subsidies of another taxpayer who was or is a party to a contractual relationship with such taxpayers and private individuals.

(2) Filing a statement may be refused if the taxpayer or the private individual cannot be heard as a witness or has the right to refuse to testify in the proceeding in question.

(3) Taxpayers and private individuals shall be informed of their rights and obligations, and shall be advised of the consequences of refusing to make a statement. The taxpayer affected need not be informed concerning the said statement.

(4) The tax authority shall draft a report on the verbal statement of a taxpayer or private individual. Such report shall contain the name of the tax authority, the place and date of the report, the information for identification and the address of the person filing the statement, the notification on the rights and obligations and the advice on the legal consequences, the statement, as well as the signature of the person filing the statement, and the signature of the officer drafting the report.

Self-Audit

Section 49

(1) With the exception of duties, a taxpayer may revise the tax or the tax base and the central subsidies that have been assessed, or neglected to be assessed, by way of self-assessment. If, prior to the opening of a tax audit, the taxpayer reveals that he has deviated from the relevant legislation in establishing his tax base, taxes or central subsidies, or his tax return contains errors in respect of taxes, the central subsidy base or amount due to miscalculation or other clerical error, the taxpayer shall have the right to make corrections in his tax return by self-audit. It shall not be recognized as self-audit if the taxpayer submits his return late and fails to justify such delay or his application for continuation is rejected by the tax authority. No self-audit is allowed if the taxpayer has lawfully exercised his option provided for by law and would change such fact by the self-audit. Taxpayers shall be entitled to subsequently claim tax allowance by way of self-audit.

(2) As of the opening of an audit, the tax or central subsidy that is the subject matter of such audit may not be corrected by self-audit in respect of the audited period. The tax and central subsidy subsequently assessed by the tax authority may not be corrected by the taxpayer. Any correction related to the tax or central subsidy that is the subject matter of an audit shall be recognized as self-audit carried out before the opening of the control procedure if the taxpayer has submitted (dispatched by post) the self-audit return on to the tax authority on or before the day of delivery, or presentment in the absence thereof, of the letter of authorization.

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The tax base, the tax amount and central subsidy may be corrected by self-audit in accordance with the provisions in force at the original date of such liability, for the taxation period prescribed for the tax to be corrected, within the term of limitation of the right of tax assessment. Self-audit shall cover the assessment of the tax base, the tax amount revealed and the central subsidy, and, if so prescribed by law, of the self-audit surcharge, the declaration of the corrected tax base, the corrected tax, central subsidy and surcharge, and simultaneous payment thereof, or the application for tax refund or central subsidy. It shall not be recognized as self-audit if the value added tax is to be corrected due to modification of the resolution of the customs authority determining the tax applicable to an imported product. If the customs authority subsequently amends its resolution for charging the tax on an imported product, such amendment shall be applied in the declaration for the month in which the financial settlement occurred.

The tax and central subsidy established by self-audit, with the exception of the income tax of private individuals, shall be recorded when established. Such record shall indicate the date of filing the original tax return, the date of correction, and the bases and the amounts of the corrected tax and central subsidy. An explanation of the correction shall be attached to the record, as shall the formula used for the calculation of the self-audit surcharge. Such record and the documents for the correction shall be retained for the term of limitation applicable.

Payers and employers shall correct tax advances and taxes withheld according to Subsections (1)-(4). A person required to collect specific local taxes shall correct the tax return he filed on the taxes collected. By way of derogation from the provisions of Subsection (5), the income tax assessed by an employer shall be corrected by self-audit by the private individual if he filed a formal statement to authorize his employer to assess his taxes without proper entitlement, or if the employer did not apply the tax allowance of such private individual for not having received the verification or not having received it in time.

Self-Audit Declaration and Payment

Section 50

(1) Private individuals shall fulfill the obligation of self-audit by submitting a specific form containing the corrected tax base, the tax amount and central subsidy (self-audit form).

(2) The taxes and central subsidies governed by provisions that have been abolished and are no longer in force at the time of the self-audit shall be declared and paid or applied to a refund under the title of other payments or other subsidies.

(3) Self-audit may only be exercised in connection with taxes and central subsidies where the amount of correction is over 1,000 forints or, in respect of local taxes, 100 forints in respect of the income tax and healthcare contribution of private individuals.

Section 51

(1) The amount of the corrected tax or central subsidy and the self-audit surcharge established shall be due and payable simultaneously upon the declaration of the corrected sum and surcharge.

(2) No self-audit surcharge shall be charged or paid if the correction is to the taxpayer’s benefit.

(3) Taxpayers shall be allowed to revise their income tax return by self-audit only after the deadline prescribed for filing.

Chapter IV

RECORDS, DISCLOSURE OF DATA, CONFIDENTIALITY OF TAX INFORMATION

Records and Disclosure of Data

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Section 52

(1) The tax authority shall register and retain all data in its possession and keep records of and be entitled to investigate personal data in connection with the identification of private individuals and the commencement and control of the tax liability of such private individuals.

(1a) The state tax authority and customs authority shall entrust the data processing duties relating to its own records and registers exclusively to government agencies or business associations owned by the State in full, except where an exemption is granted according to the Act on the Enhanced Protection of Public Records and Registers Recognized as National Assets by the minister in charge for the implementation of infrastructure requirements for administrative information technology systems on a recommendation by the minister appointed for the supervision of the NAV.

(2) The tax authority may use data from the records of another authority or body exercising public functions, or from taxpayer registers, for the identification of the taxpayer or the person required to collect specific local taxes in order to determine tax liability, investigate eligibility for central subsidies, for the selection of taxpayers for auditing and for the purposes of the audit itself, for conducting enforcement proceedings, and to ascertain the relevant facts in respect of a tax administration proceeding opened at the taxpayer’s request. If so permitted by law, the disclosure of data between tax authorities or between the state tax authority and administrators of financial funds of the social security system, and the receipt of data from official records may also be performed by way of electronic means.

(3) For the purposes of Subsection (2) above, the personal data and address records, the register of companies, the real estate register, the register of motor vehicles, the register of building and construction and other records deemed authentic by law may be used free of charge. The tax authority may request data from the personal data and address records on the basis of natural identification data, home address, or using its client code.

(4) The following shall file declarations or supply data to the tax authority according to the conditions set out in Section 31 and Schedule No. 3:

a) payers;
b) employers;
c) insurance companies;
d) the real estate supervisory authority;
e) credit institutions;
f) persons authorized under specific other legislation to engage in investment service activities (investment service providers);
g) notaries;
h) bodies providing pension benefits, rehabilitation benefits, benefits provided before the legal age limit, service emoluments, ballet dancers’ annuities and provisional miners’ allowances;
i) licensing authorities;
j) the body operating the registry of motor vehicles, the central body operating the register of personal data and address records of citizens and the bureau operating the register of compulsory motor vehicle liability insurance policies;
k) taxpayers engaged in the selling of new motor vehicles in accordance with the Value Added Tax Act;
l) the government employment agency;
m) distributors and subdistributors of documents (forms) approved for tax administration identification purposes;
n) the agency issuing the certificate of eligibility for tax allowances (tax exemption);
o) the issuer of a certificate of eligibility for central subsidies;
p) the private entrepreneurs referred to in Paragraph b) of Section 4 of the SPA, if not engaged in auxiliary activities;
q) any church registered in Hungary;
r) taxpayers providing employment to vocational school students under apprenticeship agreement;
s) the persons referred to in Subsection (4) of Section 56/A of the SPA;
t) district offices.

(5) Data provided by a person subject to disclosure of data shall include the tax identification number of the private individual concerned.

(6) If a court, state administration or municipal government agency or a public body is required by law to notify, inform or disclose data to the tax authority in connection with the tax liability of a taxpayer - any provision to the English language translations of the regulations published on this website do not qualify as official translations issued by any Hungarian public authority and may not reflect the latest amendments made to the respective regulations. UniCredit Bank intends to but does not undertake to update this website by publishing the most recent wording of the regulations being entirely effective from time to time.
contrary notwithstanding - it shall be complied with within fifteen days of the issue of authorization, the operative date of the resolution (ruling) or the occurrence of an event related to tax liability.

(7) The state tax authority shall:

a) upon request, disclose information:
   aa) to the pension insurance administration empowered to manage the National Pension Insurance Fund, to the pension insurance administration agency, rehabilitation authority and the health insurance administration agency, to the government employment agency, to the employment authority and the refugee and immigration authority regarding data, facts, and circumstances in connection with taxes if it is necessary for establishing a benefit or support, or for investigating eligibility for such benefits and support, and
   ab) to the government employment agency to the extent necessary for statistical purposes;
   b) disclose ex officio, by way of electronic means:
      ba) annual data consolidated separately for each private individual - not including the data relating to the professional staff members of the Hungarian Armed Forces, the Nemzeti Adó- és Vámhivatal (National Customs and Tax Authority), law enforcement agencies and the national security services - as indicated below from the information supplied - according to the breakdown contained in Points 1-7, 9-14, 24 and 26-28 of Subsection (2) of Section 31 - by the entities listed under Subsection (4) as being required to file declarations and by small-scale agricultural producers in connection with pension entitlement, for the purpose of establishing pension, to the pension insurance administration empowered to manage the National Pension Insurance Fund by 31 August of the year that follows the year to which they pertain. If the self-audit or an audit by tax authority results in any change, amendment or correction in the consolidated data, the consolidated annual data referred to in this Subparagraph shall be delivered to the pension insurance agency empowered to manage the National Pension Insurance Fund by the last day of the month following the time of conclusion of the tax authority’s proceedings reflecting such change, amendment or correction.
      bb) the data under Points 1-6, 8-10, 12-14, 16, 23-24 and 26-27 of Subsection (2) of Section 31 to the health insurance administration agency, rehabilitation authority for the purpose of a follow-up audit of healthcare provisions to the health insurance administration agency, rehabilitation authority by the last day of the month that follows the deadline for filing declarations,
      bc)
      bd) the data under Points 1-5, 7-8, 10, 12-13, 23, 27 and 28 of Subsection (2) of Section 31, and from among the data listed in Point 6 of Subsection (2) of Section 31 relating to the base and amount of labor market contributions to the government employment agency for the assessment and control of job-seeking assistance and job assistance subsidies, and to the employment authority for facilitating employment inspections by the last day of the month that follows the deadline for filing declarations,
      be) from the declarations referred to in Subsection (2) of Section 31, to the pension insurance agency empowered to manage the National Pension Insurance Fund the identification data of private individuals engaged in employment while receiving pension benefits, rehabilitation benefits, benefits provided before the legal age limit, service emoluments, ballet dancers’ annuities or provisional miners’ allowances, and the particulars of their employers, and information concerning the contribution base (income) of such private individuals for the purpose of investigating eligibility for the benefits paid by the pension paying agencies, by the last day of the month that follows the deadline for filing declarations;
      bf) from the declarations referred to in Subsection (2) of Section 31, to the rehabilitation authority the identification data of private individuals engaged in employment while receiving benefits provided to person with reduced ability to work, and the particulars of their employers, and information concerning the health insurance contribution base (income) of such private individuals for the purpose of investigating eligibility for the benefits paid by the rehabilitation authority, by the last day of the month that follows the deadline for filing declarations;
      c) disclose ex officio, by way of electronic means, the data under Points 1-3, 5, 12 and - with the exception of the description of the job for eligibility for age allowance - Points 13 and 27 of Subsection (2) of Section 31 supplied by the entities listed under Subsection (4) as being required to file declarations, and with respect to Point 10 information if the period of insurance relationship is other than the current month, to the employment authority for the purpose of checking the legitimacy of employment relationships by the last day of the month following the deadline prescribed for filing declarations;
      d) disclose ex officio, by way of electronic means, the following information for the assessment and control of social security benefits and job assistance subsidies, by 31 August of the year following the given year:

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da) information concerning the contribution base and the amount of pension contributions paid by waiters and waitresses on gratuities declared in their personal income tax return to the pension insurance administration empowered to manage the National Pension Insurance Fund,

db) the base and the amount of pension contributions declared by the person referred to in Subsection (4) of Section 56/A of the SPA in the tax return specified in Subsection (2) of Section 31, from among the contributions listed under Subsection (1) of Section 56/A of the SPA, which are due and payable to the Pension Insurance Fund, to the body empowered to manage the National Pension Insurance Fund,

dc) the base and the amount of the contributions declared by the person referred to in Subparagraph db) in the tax return specified in Subsection (2) of Section 31, from among the contributions listed under Subsection (1) of Section 56/A of the SPA, which are due and payable to the Pension Insurance Fund, to the body empowered to manage the National Pension Insurance Fund,

dd) the base and the amount of the contributions declared by the person referred to in Subparagraph db) in the tax return specified in Subsection (2) of Section 31, from among the contributions listed under Subsection (1) of Section 56/A of the SPA, which are due and payable to the Health Insurance Fund, to the health insurance administration agency,

e) disclose ex officio, to the pension paying agency by the last day of the month following the deadline for filing by way of electronic means, information relating to the total income of a private individual in retirement status specified in Point 5 of Subsection (2) of Section 31, or receiving benefits provided before the legal age limit, service emoluments, ballet dancers’ annuities, provisional miners’ allowances, which comprises part of the pension contribution base to the pension paying agency relating to the time when the private individual’s total income received during the year and comprising part of the pension contribution base exceeds the annual amount limit specified in Section 83/B of Act LXXXI of 1997 on Social Security Pension Benefits (hereinafter referred to as “SSPA”);

f) disclose ex officio, by way of electronic means the base and amount of pension contributions the private entrepreneur engaged in auxiliary activities and covered by the Personal Income Tax Act declared in his personal income tax return, and the base and amount of pension contributions the private entrepreneur engaged in auxiliary activities and covered by the Act on Simplified Entrepreneurial Taxation declared in his EVA tax return to the body empowered to manage the National Pension Insurance Fund by 31 August of the following tax year;

g) disclose information ex officio to the health insurance administration agency, the pension insurance administration agency concerning the time of the termination of an employer, the cessation of entrepreneurial activity, or the surrender or withdrawal of any small-scale producer license, and on the period of suspension of operations and services of private entrepreneurs, lawyers, patent agents and notaries public, if the employer orpayer (including private entrepreneurs, insured small-scale agricultural producers and the persons referred to in Subsection (4) of Section 56/A of the SPA as regards their own insurance relationships), disclosed (notified) any information in connection with the commencement of insurance relationship, however, the person functioning as an employer did not report the time of termination of the insurance relationship, of which the tax authority has been officially notified.

h) i) forthwith disclose ex officio, by way of electronic means, the information received from employers in accordance with Subsection (3) of Section 3 of Act XC of 2010 on the Implementation and Amendment of Business and Financial Regulations:

ia) to the employment authority for the purpose of selection for inspection, and

ib) to the pension insurance administration agency for the purpose of verifying the legal grounds for entitlement to enter into an agreement with a view to obtaining pension benefits.

j) upon request, disclose information electronically relating to the name (corporate name) and home address (registered office) of beneficiaries of central subsidies - including the amount and type of any outstanding public dues owed on the last day of the month preceding the time of disclosure - to the treasury, and to the body in charge of agricultural and regional development aid for the purpose of withholding the amount of public dues owed from the next payment of central subsidies.

k) in respect of data it has disclosed under Subparagraphs bb), bd), be) and Paragraphs c), e) and h), if making corrections in the tax return by way of self-audit or otherwise, disclose information listed in the said Paragraphs, by the last day of the month when the correction was carried out or when the self-audit was submitted;

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I) provide information upon request to the agency in charge of the judicial oversight of municipal governments for discharging its duties prescribed in Subsection (7) of Section 33/A of the Act on Local Governments.

(8) If there is a tax administration proceeding conducted or initiated by the state tax authority in connection with the taxation matters of a deceased taxpayer, and for this proceeding it is necessary to know who the heirs are, the tax authority shall contact the notary of the competent municipal government, who shall then disclose information concerning the estate inventory, the name and address of the notary public handling the probate proceeding, as well as the available particulars of relatives (name, address). The state tax authority shall forthwith erase the particulars of relatives received from the notary from its records, if no tax or central subsidy is established for or against the deceased person in conclusion of the proceedings. At the request of the state tax authority the notary public handling the probate proceeding shall inform the requesting tax authority concerning the heirs, indicating the natural identification data and home address necessary for their identification, and the property they inherited, including its value, or shall convey information concerning the termination of the probate proceeding.

(9) The regional bar association and the Hungarian Association of Patent Agents shall inform the competent state tax authority concerning the suspension of legal practice or patent agency activities by any lawyer or patent agent, indicating the first and last day of suspension and the natural identification data and home address of the lawyer and patent agent in question by the fifteenth day of the month following the month when the entry was made.

(10) The local association of notaries public where the registered office of the notary public is located shall inform the competent state tax authority concerning the suspension of notarial services by the notary public in question, indicating the first and last day of suspension and the natural identification data and home address of the notary public by the fifteenth day of the month following the month when the entry was made.

(11) The director of the state tax and customs authority may, in an effort to establish the current standing of the national economy, for the analysis and evaluation of trends and circumstances having an effect on the national economy, may demand that the 10,000 largest taxpayers in terms of tax capacity provide information without delay concerning their business operations to the extent otherwise available in the records they are required to maintain by law and which are related to their tax liabilities.

(12) The payer of interest income as referred to in Schedule No. 7 to this Act, or any other person who is subject to compulsory data disclosure in this respect shall supply information to the state tax authority in compliance with the form and content requirements set out in Schedule No. 7.

(13) At the request of the customs authority made in connection with the examination of claims for excise tax refund, the following entities shall supply information from their records:

a) the body in charge of agricultural and regional development aid concerning the zoning and size of land that is in the use of the taxpayer;

b) the forest authority concerning the forestry operations conducted on the land that is in the use of the taxpayer, on the size of tree stock and the changes therein.

(14) The body in charge of agricultural and regional development aid shall disclose data to the state tax authority by 31 January of the following tax year concerning the title and amount of the support it has paid, indicating the name and tax identification code of the private individual.

(15) The state tax authority shall keep on file the tax identification code of a private individual empowered to act in the taxpayer’s name as a permanent representative or proxy.

(16) The state tax authority shall disclose information to the government employment agency ex officio - by way of electronic means, by the last day of the month following the deadline prescribed for filing the tax return under Subsection (2) of Section 31 - on the base and amount of tax allowance, and the natural identification data, tax identification code and home address of the person employed by way of claiming the allowance on the basis of the Karrier Híd (Carrier Bridge) Certificate.

(17) The tax authority shall digitally record all conversations made through the call center and customer information service - except for the cases for verifying the validity of a Community tax number - and shall retain such records for the length of the term of limitation of the right to tax assessment or - if this is longer - the right to the recovery of taxes by way of enforcement, or until the conclusion of any court proceedings in progress. The taxpayer or his representative, shall be allowed - upon request - access to his phone conversations recorded according to this Subsection.

(18) The state tax authority shall - upon request - disclose information to the body delegated to oversee European Union development programs concerning:

a) the micro, small or medium-sized enterprise codes shown in the taxpayers’ corporate tax return.

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b) the statistical number of staff shown in the taxpayers’ simplified entrepreneurial tax return, in order to fulfill the annual reporting obligation to the European Commission.

(19)-(22)

Confidentiality

Section 53

(1) All tax-related facts, data, circumstances, resolutions, rulings, certificates and other documents shall be deemed confidential information. The regulations on tax secrets and the provisions of Subsection (9) of Section 16 of the Act on the Implementation of Community Customs Laws shall apply to procedures for the issue and registration of VPID codes.

(2) Employees and former employees of the tax authority, experts involved in any auditing or other procedures, and all other persons who, in their official capacity, gain knowledge of any confidential tax information or other secrets in the course of the auditing, registration and processing of data, auditing, tax assessment, withholding taxes and tax advances, tax collection, judicial enforcement and use of such data for statistical purposes shall handle such as strictly confidential. The tax authority shall be subject to confidentiality in respect of all of the documents, data, facts and circumstances obtained in the course of its official proceedings.

(3) The person described in Subsection (2) shall be considered to have violated the obligation of confidentiality if such person conveys any confidential tax information or any other secret obtained during a taxation or court proceeding to an unauthorized party or if such person uses or publishes such information without substantial reason.

(4) Of the data specified in Subsection (1) above, public company information, data that may be requested from the company information and electronic company registration service, and any data that may not be tied to the person to whom it pertains (taxpayer or taxable person) shall not be treated as confidential tax information.

(5) Of the data specified in Subsection (1) above, the data specified in Subsection (3) of Section 16 in the case of civil society organizations, public information from court records, and data that may be requested from the body operating the court register of civil society organizations, and any data that may not be tied to the person to whom it pertains (taxpayer or taxable person) shall not be treated as confidential tax information.

Section 54

(1) The use of confidential tax information shall be deemed justified if:
   a) used for a tax audit, the control of central subsidies, the information of the agencies described in Subsections (2) and (3) or the initiation and enforcement of tax administration proceedings and proceedings of the customs authority;
   b) prescribed or permitted by law;
   c) used with the consent of the party concerned;
   d) it reveals information concerning the name, corporate name, registered office or tax number of a taxpayer engaged in business operations to another taxpayer for reasons of compliance with his tax liabilities prescribed by law or to a state agency or public body for performing their respective duties, as is necessary.
   e) used for the purpose of enforcement of tax debts for informing the owner of the real estate property to which the enforcement pertains or on which the mortgage is registered concerning the amount owed, underlying the rights registered by the tax authority, and the mode of satisfaction.

(2) Facts, data and documents related to taxation may be used by agencies that are part of the official statistical system for statistical purposes if compliance with confidentiality requirements is ensured in the course of processing and - unless otherwise prescribed by the Statistics Act - they are rendered unfit for subsequent individual identification.

(3) The tax authority shall be entitled to inform another tax authority of any tax-related data, facts, circumstances or documents within its jurisdiction and subject to confidentiality if such information enables or renders possible the disclosure and collection of any tax liability (customs duties) or tax arrears, or the conduct of tax administration proceedings. Such right of disclosure of information shall also be granted to the Pension Insurance Fund, the Health Insurance Fund, and the managers of extra-budgetary funds in connection with mandatory payments to be made to such funds. The state tax and customs authority shall inform the body providing aid from the central budget or from
European Union resources of any binding decision containing information alleging the untruthfulness of the data on the basis of which the aid was provided or the data supplied relating to the appropriateness of the aid, or based on the findings of the inspection there is reasonable suspicion of infringement or fraud in connection with the disbursement or appropriation of the aid. The government employment agency shall be vested with the right to disclose information, upon request, concerning whether a private individual has any income from gainful employment while receiving unemployment benefits and whether such income exceeds the limit specified by law. The authority delegated to conduct procedures for the classification of research and development activities shall also have the right of disclosure of information to the extent deemed necessary for carrying out the procedures for the classification of research and development activities.

(4) The municipal tax authority may request information from the state tax authority from its records on taxpayers engaged in business activities compiled from their applications and notifications. The tax authority shall ex officio inform another tax authority of tax-related data, facts, circumstances or documents it has obtained in an official capacity and that are subject to confidentiality if such information enables or renders possible the disclosure and collection of any tax liability (customs duties) or delinquent tax.

(5) The state tax authority, for reasons of enabling taxpayers to lawfully fulfill their tax liabilities and to lawfully claim central subsidies, shall publish the following information on its official website:
   a) the following details of taxpayers liable for payment of value added tax, or taxed under the Act on Simplified Entrepreneurial Taxation, and also of legal persons and other similar organizations who have tax numbers but falling outside the scope of these acts:
      aa) name (corporate name) and tax number, registered address and place of business,
      ab) for persons who are subject to value added tax liability under the group taxation scheme, the group identification number and the name (corporate name) and tax number, registered address and place of business of the group representative and other members of the group, and the operative date of the authorization to enter the group taxation scheme,
      ac) for persons opted to use the cash accounting scheme, an indication of this choice, the first and last day of the period of cash accounting,
   ad) an indication of any taxpayer liable for payment of value added tax (including those persons who are subject to value added tax liability under the group taxation scheme) who has exercised the right of option for taxation under Subsection (1) of Section 88 of the Act on Value Added Tax with respect to the sale or lease of a real estate property under tax exemption, showing also the time when the option has in fact been exercised;
   b) the names (corporate names) and tax number (group identification number) of taxpayers whose tax number (group identification number) the state tax authority has suspended, indicating the operative date of the resolution of suspension and the first day and last day of suspension where the suspension applies for a fixed term, for the period ending upon the operative date of the resolution for lifting the suspension or the resolution for the withdrawal of the tax number (group identification number); furthermore
   c) the names (corporate names) and tax number (group identification number) - with an indication of cancellation of the relevant tax number or group identification number - of taxpayers whose tax number the state tax authority has cancelled pursuant to Subsection (4) of Section 24/A, from the operative date of the resolution of cancellation for a period ending upon the issue of a tax number, or failing this, when the taxpayer is wound up; and
   d) the names (corporate names) and tax number (group identification number) of taxpayers whose tax number (group identification number) it keeps on file, including those to whom Paragraph c) applies (with an indication of cancellation of the relevant tax number or group identification number), against whom the tax authority is conducting enforcement proceedings, from the time of the opening of the enforcement proceedings until it is concluded, not including any periods of suspension or discontinuation of the enforcement proceedings;
   e) the scope of activities of taxpayers notified and registered in accordance with Regulation (EC) No. 1893/2006, with the exception of private individuals engaged in any taxable activity in possession of a tax number.
   f) the names and tax number of regulated real estate investment companies and regulated real estate investment pre-companies, the date of being registered as such, and the date of being removed from the register, the names and tax number of the special purpose companies of these real estate companies.
   g)

(6) The state tax authority shall publish on its official website the number of employees - from its records - of taxpayers liable for payment of value added tax and whose tax number it keeps on file, other than the Hungarian

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Armed Forces, the Nemzeti Ádó- és Vánhivatal (National Customs and Tax Authority), the law enforcement agencies and national security services.

(7) Upon request, the tax authorities shall disclose confidential tax information:
   a) to the court;
   b) to the investigating authority if such information is necessary in the interest of opening or conducting criminal proceedings;
   c) upon a request made upon the prior consent of the director of the national security agency, to the national security services acting within the jurisdiction prescribed by law;
   d) to the internal affairs division that investigates professional misconduct and criminal acts as defined by the Act on the Police, and to anti-terrorist organizations, where the information is deemed necessary for discharging their tasks delegated by law;
   e) to the Állami Számvédelmi Övönzék (State Audit Office), to the internal oversight agency appointed by the Government, and to the European Anti-Fraud Office (OLAF) if the information is necessary for its investigation;
   f) to the minister in charge of taxation if the information is necessary in connection with his responsibilities delegated by act;
   g) to the body vested with powers to control the budgetary chapter if the information is necessary for internal control under the Act on Public Finances;
   h) to the body providing aid from the central budget or from European Union resources, to the extent necessary for checking the legal grounds for claiming, using and accounting such aid;
   i) to the agency in charge of the judicial oversight of municipal governments, to the extent specified in Paragraph c) of Subsection (2a) of Section 33/A of the Act on Local Governments.

(8) The state tax and customs authority shall disclose confidential tax information to the investigating arm of the NAV in the interest of the prevention of criminal offences, and the investigation and detection of specific criminal offences, and for the prosecution of criminal cases.

(9) For the purpose of controlling and monitoring aid, the tax authority shall, by the 15th day of the month following each quarter, inform the minister in charge of the agricultural sector, the agricultural administration body and the body in charge of agricultural and regional development aid concerning the amount of aid disbursed or that was withheld by virtue of its right of withholding, or the amount of aid specified under Point 41 of Section 3 and claimed according to Subsection (1) of Section 39 of the Personal Income Tax Act. The tax authority shall supply such information separately for each taxpayer and shall do so in a manner in which the taxpayers can be identified.

(10) The state tax authority shall disclose information to the treasury concerning the amounts of aid granted under the de minimis rule, separately for each taxpayer, within ninety days following the deadline for filing the tax return, to have these data recorded in the national aid and support monitoring system.

(11) The state tax authority, by authorization of the Act on Public Finances, shall convey all data and documents or make them available to the European Commission to the extent prescribed in the government decree laying down provisions for the transparency of financial relations between state budgetary agencies and public companies and for financial transparency inside other companies.

(12) Within the framework of the provisions of the international agreement on double taxation pertaining to exchanging information, the competent Hungarian authority - with a view to the implementation of the agreement, the enforcement of taxation laws of other countries and to avoid double taxation - may supply the personal data of private individuals to the competent authorities of other states for reasons of identification, tax assessment and control, gathering evidence and to ascertain the relevant facts of a case from its own registers and records, or from other records to which it has access under national laws.

(13) The requirement of confidentiality concerning tax secrets shall not apply when the authority that functions as a financial intelligence unit makes a written request for information - that is considered confidential tax information - from the tax authority, acting within its powers conferred under the MLT or in order to fulfill the written requests made by a foreign financial intelligence unit, if the request contains a confidentiality clause signed by the foreign financial intelligence unit.

(14) The state tax authority, if it finds any non-registered employee at a taxpayer, shall inform the employment authority and the health insurance administration agency to clarify the employment relationship, with a copy of its final resolution attached. The tax authority shall transmit its resolutions which are declared operative in the course of the month to the employment authority and the health insurance administration agency by way of electronic means by the tenth day of the following month.

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(15) If the state tax authority declares contributions for which the insured person is liable charged to the private individual, if it is recovered the state tax authority shall adopt a resolution thereof and shall send it within thirty days of the time of recovery to the pension insurance agency empowered to manage the National Pension Insurance Fund for the purpose of establishing pension benefits, or benefits provided before the legal age limit, service emoluments, ballet dancers’ annuities, provisional miners’ allowances.

Section 54/A

The state tax authority shall supply information - upon request and payment of an administrative service fee - from its records containing data necessary for establishing the market value of a real estate property (hereinafter referred to as “values of comparison”), concerning the market values of properties on record, in a manner so as not to allow the identification of the owner of the property.

Section 55

(1) If a taxpayer publishes false facts or data or misleadingly publishes true facts or data in connection with his taxation that can serve to damage the reputation of administration agencies, the tax authority shall be entitled to challenge such statements in public.

(2) Publication of the refutation described in Subsection (1) shall be authorized by the minister in charge of taxation upon consulting with the supervisory body. The person concerned shall be informed before such decision is made.

(3) Within thirty days following the quarter, the tax authority shall publish in a resolution that became operative during the previous quarter the name (corporate name), home address, registered office, place of business and tax number of taxpayers, other than those undergoing bankruptcy or liquidation proceedings, against whom tax arrears in excess of 10 million forints have been assessed in respect of private individuals, or in excess of 100 million forints in respect of other taxpayers along with the amount of such tax arrears and their legal consequences, if they did not satisfy the payment obligation prescribed in the pertaining resolution by the deadline also prescribed in that resolution. For the purposes of this Subsection, a resolution of the tax authority may not be considered operative if the time limit for judicial review has not yet expired or the court proceedings initiated by the taxpayer for review of the resolution have not been concluded definitively.

(4) The state tax authority shall regularly publish the available identification data of taxpayers who (that) have failed to fulfill their obligation of registration.

(5) The state tax authority shall publish on its official website quarterly, within thirty days following the quarter, the name (corporate name), home address, registered office, place of business and tax number of any taxpayer with outstanding tax debts owed to the tax authority according to its records for 180 consecutive days in excess of 100 million forints on the aggregate, less any overpayment, or net 10 million forints, less any overpayment, for private individuals.

(6) With a view to supplying information to other bodies so as to enable them to carry out their proceedings in compliance with statutory provisions having regard to the requirement of distinguished labor relations, the state tax authority shall regularly publish the name, registered office, tax number of taxpayers (name, home address and tax identification code of natural persons with no tax number if they are shown as employers), who (that) was found guilty by a final and executable administrative decision or court ruling for non-compliance with the obligation of notification of entering into an employment relationship. In addition to the name (registered office, tax number) of these taxpayers, the tax authority shall publish on its website the date of the resolution on the infringement and the date when it becomes final and executable. Where a petition has been lodged for the judicial review of the tax authority’s resolution, the above information shall be published based on the final and executable court decision. The tax authority shall - after two years from the time of publication - remove from its website the particulars of those taxpayers who did not commit the same infringement repeatedly.

(7) Where a taxpayer meets the obligation imposed on him by a binding administrative decision or by a final court ruling adopted upon the judicial review of an administrative decision within the prescribed time limit or by the prescribed deadline, it shall have no bearing on the state tax authority’s obligation of publication under Subsection (6).

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Section 55/A

The state tax authority shall publish on its official website by 30 September each year the name (corporate name), registered office and tax number of any company that was recognized as a company with real estate holdings under the Act on Corporate Tax and Dividend Tax during the previous calendar year.

Section 55/B.

Municipal tax authorities shall have the right to disclose locally the name and address of taxpayers owing any local tax or motor vehicle tax above ten thousand forints - one thousand forints for private individuals - from 00:00 hours on the tenth day following the due date.

Chapter V

REGULATIONS OF THE EUROPEAN COMMUNITIES RELATING TO COOPERATION IN THE FIELD OF TAXATION

Competent Authority

Section 56

(1) The body of the state tax authority appointed by the Government (hereinafter referred to as “liaison administration body”) shall function as the competent authority to enforce the regulations of the European Communities relating to cooperation in the field of taxation, with the exception of customs duties and excise taxes. This provision shall not apply to recovery assistance under Sections 60-70.
(2) The request received from the competent authorities of Member States of the European Communities regarding mutual assistance shall be treated the same as those received from Hungarian authorities.

Mutual Assistance in the Field of Taxation

Section 57

(1) Upon request by the competent authority of any Member State of the European Communities, the liaison administration body shall forthwith disclose information to the extent necessary for the assessment of:
   a) refunds, intervention payments and other claims resulting from operations forming part of the system of financing of the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), and of the agricultural levies and other duties provided for under the common organization of the market for the sugar sector;
   b) income tax, capital gains tax, wealth tax;
   c) value added tax;
   d) tax on insurance premiums;
   e) the costs of recovery of debts as referred to in Paragraphs a)-d), as well as interest, administrative penalties and fines, which are available in the records of the state tax authority. If any of the requested information is to be obtained from another authority, the liaison administration body shall move to obtain them and shall forward them to the requesting authority without delay. The liaison administration body shall notify the requesting authority if the request cannot be satisfied, including the reasons. In connection with value added taxes, the liaison administration body shall observe the provisions of Council Regulation (EU) No. 904/2010;
   f) The liaison administration body shall ex officio furnish the tax-related information specified in Subsection (1) above to the competent authority of another Member State:

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a) if there is reason to believe that the other Member State is being deprived of tax revenues;
b) when a taxpayer applies for tax allowance or is eligible for tax relief that results in higher tax liabilities or creates tax obligations in another Member State;
c) when a taxpayer is engaged in transactions with a taxpayer who is established in another Member State through a third country or through another Member State to evade taxes;
d) where the liaison administration body deems that tax savings are achieved through the diversification of profits in violation of the regulations pertaining to affiliated enterprises;
e) if there are any new facts or evidence that have surfaced in relation to previously disclosed information and are essential for taxation purposes.

(3) Upon the prior consent of the competent authorities of Member States of the European Communities, the data they supplied may be forwarded to the competent authorities of third countries.

(4) The liaison administration body shall notify the taxpayer upon his request concerning any disclosure of his data under Subsection (2).

(5) The liaison administration body may supply tax information under the principle of reciprocity to the competent authority of another Member State in addition to the information specified in Subsections (1) and (2) if it is necessary for any taxation proceeding for which it is authorized under Hungarian law. The liaison administration body may agree with the competent authorities of Member States of the European Communities to admit a representative of these authorities to observe in person the actions of the Hungarian tax authority. The liaison administration body must notify the European Commission of each agreement of reciprocity entered into with the competent authorities of any Member State of the European Communities that does not exclusively pertain to individual tax matters.

(6) The tax authorities of Member States of the European Communities may agree regarding the taxes referred to in Paragraphs b)-d) of Subsection (1) in order to improve the efficiency of control procedures, and to conduct simultaneous controls, in their own territory, of the tax situation of one or more taxpayers, provided that there is common or complementary interest.

(7) The liaison administration body shall forward any request received from the competent authorities of a Member State for simultaneous control to the competent tax authority. The tax authority shall confirm its agreement or communicate its reasoned refusal. The liaison administration body shall forthwith notify the requesting authority concerning the tax authority’s decision.

(8) The liaison administration body shall, at the request of the competent authorities of the Member States of the European Communities, in accordance with the provisions of this Act, notify the taxpayer of all instruments and decisions which emanate from the administrative authorities and concern the taxes referred to in Subsection (1). Requests for notification, mentioning the subject of the instrument or decision to be notified, shall indicate the name, address and any other relevant information for identifying the addressee. The liaison administration body shall forthwith inform the requesting authority of the measures executed, particularly the date of delivery.

(9) The liaison administration body shall forward by 20 June following the tax year in question the data and information received from the payers referred to in Schedule No. 7 and from other persons in this respect to the competent authority of the Member State where the beneficial owner is established.

Confidentiality

Section 58

All information obtained by the liaison administration body within the framework of cooperation in the field of taxation shall be classified as tax secrets so that:

a) it shall be disclosed only to the person involved in taxation or auditing procedure or to the tax investigation officer handling the case to which the confidential information pertains,

b) the person who directly participates in the court proceeding shall have the right of information.

Restrictions Concerning the Disclosure of Tax Information

Section 59

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(1) The liaison administration body shall refuse to disclose tax information if it cannot be used in the domestic territory under Subsection (2) of Section 52 or if the national law of the requesting Member State does not afford the same degree of protection defined in Section 58.
(2) The liaison administration body may refuse to comply with a request if:
   a) obtaining the requested tax information would impose an unreasonable administrative burden upon the liaison administration body or on the tax authority;
   b) releasing the information would endanger the liaison administration body in its fulfillment of its duties defined by law;
   c) there is reason to believe that the requesting authority did not use all legitimate instruments at its disposal, without jeopardizing the objective meant to be achieved;
   d) compliance with disclosure would also entail the exposure of trade, business or professional secrets or business policy or violate the law in some other way;
   e) the requesting authority is asking for tax information that itself would not be able to give if requested.

Requests to Competent Foreign Authorities

Section 59/A.

(1) The liaison administration body shall have authorization to contact the competent authorities of other Member States of the European Community for requesting legal assistance as prescribed under Sections 57-59. Where a request made by the liaison administration body relates to income tax, capital gains tax or wealth tax, it applies to the following types of taxes: personal income tax, corporate tax, dividend tax, building tax, property tax.
(2) In connection with a request for simultaneous control, the liaison administration body shall notify the competent authorities of the Member States concerned of the tax cases proposed for simultaneous controls. The liaison administration body shall give reasons for its proposal by providing the information which led to its decision and shall specify the period of time during which such controls should be conducted.

Recovery Assistance

Section 60

(1) Recovery assistance may be provided in connection with claims relating to the following:
   a) taxes and duties of any kind levied by or on behalf of a Member State of the European Union or its territorial or administrative subdivisions, including the local authorities (municipal governments), or on behalf of the European Union;
   b) refunds, interventions and other measures forming part of the system of total or partial financing of the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), including sums to be collected in connection with these actions;
   c) levies and other duties provided for under the common organization of the market for the sugar sector.
(2) The provisions on recovery assistance shall apply to the following claims as well:
   a) administrative penalties, fines, fees and surcharges relating to the claims for which mutual assistance may be requested in accordance with Subsection (1), imposed by the administrative authorities that are competent to levy the taxes or duties concerned or carry out administrative inquires with regard to them, or confirmed by administrative or judicial bodies at the request of those administrative authorities;
   b) fees for certificates and similar documents issued by administrative or judicial bodies (such as in particular official certificates) in connection with administrative procedures related to taxes and duties referred to in Paragraph a) of Subsection (1) above;
   c) interest and costs relating to the claims for which mutual assistance may be requested in accordance with Subsection (1) or Paragraphs a)-b) of this Subsection.
(3) Recovery assistance may not be provided in connection with claims relating to the following:

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a) compulsory social security contributions payable to the Member State of the European Union or a subdivision of the Member State, or to social security institutions established under public law;
b) fees not referred to in Subsection (2), including dues of a contractual nature, such as consideration for public utilities;
c) criminal penalties imposed on the basis of a public prosecution or other criminal penalties not covered by Paragraph a) of Subsection (2).

Request for Information

Section 61

(1) At the request of the applicant authority, the requested Hungarian authority shall provide any information which is considered foreseeably relevant to the applicant authority in the recovery of its claims as referred to in Section 60. For the purpose of providing that information, the requested Hungarian authority shall - of its own authority or upon request - arrange for the carrying-out of any administrative inquires necessary to obtain the information in question.
(2) The requested Hungarian authority shall not be obliged to supply information:
   a) which it would not be able to obtain for the purpose of recovering (enforcing) similar claims arising in Hungary under the legislation relevant to the claim in question;
   b) which would disclose any commercial, industrial or professional secrets; or
   c) the disclosure of which would be liable to prejudice the security of or be contrary to the public policy of Hungary.
(3) The requested Hungarian authority may not decline to supply the information requested by the applicant authority solely because this information is held by a credit institution, other financial institution, representative or nominee or person acting in an agency or a fiduciary capacity or as an asset manager, or because it relates to ownership interests in a person.

Exchange of Information Without Prior Request

Section 61/A.

Information provided to the requested Hungarian authority by the applicant authority within the framework of exchange of information without prior request may be used in accordance with Section 69/D.

Requests for Notification

Section 62

(1) At the request of the applicant authority, the requested Hungarian authority shall notify to the addressee all decisions and other documents, including those of a judicial nature, which emanate from the applicant Member State and which relate to a claim as referred to in Section 60 or to its recovery. The request for notification shall be accompanied by a uniform notification form.
(2) The requested Hungarian authority shall forthwith inform the applicant authority of any action taken on its request for notification and, more especially, of the date of notification of the document to the addressee.
(3) Notification made by the competent authority of the applicant Member State in accordance with the rules in force in the requested Member State in the territory of Hungary, or for reasons other than recovery assistance, shall be without prejudice to any other form of notification made by a competent Hungarian authority.
(4) The requested Hungarian authority shall not be obliged to comply with the request for notification if the applicant authority has not exhausted the means of notification it has available, except if:
   a) the applicant authority is unable to notify in accordance with Hungarian regulations governing the notification of the document concerned, or

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Request for Recovery

Section 63

(1) Subsection (2) notwithstanding, any claim enforced upon a request made by the applicant authority for recovery shall be treated the same way as domestic claims in executing a request for recovery.

(2) Unless otherwise provided for by an agreement concluded with the Member State of the applicant authority, the requested Hungarian authority (state tax and customs authority) shall not be obliged to grant to claims enforced upon the applicant authority’s request for recovery preferences accorded to similar claims arising in Hungary. The requested Hungarian authority (state tax and customs authority) shall have exclusive jurisdiction to take enforcement measures; municipal tax authorities and other Hungarian authorities may not be requested to execute enforcement measures.

(3) The uniform instrument permitting enforcement shall accompany the request for recovery, and it shall be treated as an instrument permitting enforcement in the application of the provisions of this Act on enforcement procedures.

(4) The requested Hungarian authority (state tax and customs authority) shall proceed to execute the request the applicant authority has made in the uniform instrument permitting enforcement in accordance with the provisions of this Act relevant to enforcement procedures pertaining to claims same as those to which the request pertains, or failing this pertaining to similar claims. If Hungarian law does not recognize any domestic claim as the same or similar to those contained in the uniform instrument permitting enforcement, the requested Hungarian authority (state tax and customs authority) shall proceed in accordance with the provisions on enforcing personal income taxes.

(5) In addition to the uniform instrument permitting enforcement, the applicant authority may dispatch another document - made out in connection with a claim existing in the applicant Member State - to the requested Hungarian authority.

Section 64

(1) The requested Hungarian authority (state tax and customs authority) shall recover the claim specified in the uniform instrument permitting enforcement (for the purposes of this Section hereinafter referred to as “claim”) in forints.

(2) From the date on which the recovery request is received, the requested Hungarian authority shall charge interest for late payment in accordance with the provisions of this Act, until the implementation of enforcement measures intended to secure cover for the claim, or until payment of the claim. No interest shall be charged for late payment by the rules of calculating net surcharges.

(3) The requested Hungarian authority (state tax and customs authority) may, where the provisions of this Act on payment facilities so permit, allow the debtor time to pay or authorize payment by installment. The requested Hungarian authority shall subsequently inform the applicant authority of any such decision relating to payment facilities.

(4) The requested Hungarian authority shall remit to the applicant authority the amounts recovered by the enforcement procedures with respect to the claim and the interest referred to in Subsections (2)-(3).

Section 65

(1) The claim, the initial instrument permitting enforcement or the uniform instrument permitting enforcement, and the validity of a notification made by the applicant authority or another competent authority of the applicant Member State may be contested before the competent body of the applicant Member State. The requested Hungarian authority, in the course of the recovery procedure, shall dismiss any such action brought by either of interested parties, without examination as to merits for lack of jurisdiction, by means of a ruling, indicating also that such an action must be brought before the competent body of the applicant Member State in accordance with the laws in force in the applicant Member State.
(2) The applicant Member State shall inform the requested Hungarian authority that an action referred to in Subsection (1) has been brought before the competent body of the applicant Member State and shall indicate the extent to which the claim is contested.

(3) As soon as the requested Hungarian authority (state tax and customs authority) has received the information referred to in Subsection (2), either from the applicant authority or from the interested party, it shall suspend the enforcement procedure, as far as the contested part of the claim is concerned, pending decision of the body of the applicant Member State competent in the matter. Enforcement procedures may not be suspended, unless the competent body of the applicant Member State requests otherwise, with the reasons indicated. The requested Hungarian authority (state tax and customs authority) shall decide - by way of a ruling - on the suspension of the enforcement procedure, or lack thereof, and shall inform the applicant authority and the interested party of such decision. If the competent body of the applicant Member State finds for the contestation in part or in whole, the applicant authority shall be liable for reimbursing any sums recovered in the enforcement procedures to the interested party, together with any compensation due, in accordance with Hungarian law.

(4) If a mutual agreement procedure has been initiated by the applicant authority or a competent body of the applicant Member State, and the outcome of the procedure may affect the claim in respect of which assistance has been requested, the requested Hungarian authority (state tax and customs authority) shall suspend the recovery measures until the day of gaining knowledge of the outcome of the procedure. The requested Hungarian authority (state tax and customs authority) shall decide - by way of a ruling - on the suspension of the enforcement procedure, or lack thereof, and shall inform the applicant authority and the interested party of such decision. Enforcement procedures may not be suspended unless - according to the applicant authority (competent body of the applicant Member State) and the requested Hungarian authority (state tax and customs authority) - it concerns a case of immediate urgency because of fraud or insolvency.

(5) At the request of the applicant authority, or where otherwise deemed to be necessary, the requested Hungarian authority (state tax and customs authority) may take precautionary measures during enforcement procedures in so far as the relevant laws or regulations in force allow such action.

(6) Where an enforcement procedure opened upon a request for recovery, or the validity of a notification made upon receipt of a request for notification is contested, it shall be heard by the requested Hungarian authority (state tax and customs authority). The requested Hungarian authority (state tax and customs authority) shall inform the party interested and the applicant authority concerning its decision adopted in such cases.

Section 66

(1) The applicant authority shall forward any relevant information relating to the matter which gave rise to the request for recovery to the requested Hungarian authority without delay. The requested Hungarian authority shall inform the applicant authority with due diligence of any action it has taken on the request for recovery.

(2) The applicant authority shall inform the requested Hungarian authority immediately of any subsequent amendment to its request for recovery or of the withdrawal of its request, indicating the reasons for amendment.

(3) If the amendment of the request is caused by a decision upon the action referred to in Subsection (1) of Section 65, the applicant authority shall communicate this decision together with a revised uniform instrument permitting enforcement to the requested Hungarian authority. The requested Hungarian authority (state tax and customs authority) shall then proceed with further recovery measures on the basis of the revised (amended) uniform instrument permitting enforcement. Recovery or precautionary measures already taken before the delivery of these documents on the basis of the original uniform instrument permitting enforcement may be continued on the basis of the revised (amended) instrument, unless the amendment of the request or the uniform instrument permitting enforcement is due to invalidity of the initial instrument permitting enforcement or the original uniform instrument permitting enforcement.

(4) Subsections (2)-(3) of this Section, Section 65 and Point 12 of Section 70 shall apply in relation to any further amendment of the revised request for recovery and the revised uniform instrument permitting enforcement.

Section 66/A.

(1) The requested Hungarian authority shall refuse a request for recovery if:

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a) the claim or the uniform instrument permitting enforcement is contested in the applicant Member State, except for the case referred to in the second sentence of Subsection (3) of Section 65, or
b) the domestic means of recovery available in the applicant Member State have not yet been fully exhausted by the applicant authority.

(2) A request for recovery may not be refused in accordance with Paragraph b) of Subsection (1):
   a) where it is obvious - relying on the information available - that enforcement procedure in the applicant Member State will not result in the payment in full of the claim, specifically because the debtor has no assets for recovery in the applicant Member State and the applicant authority has specific information indicating that the person concerned has assets in the territory of Hungary; or
   b) where recourse to enforcement procedures in the applicant Member State would give rise to disproportionate difficulty.

Request for Precautionary Measures

Section 67

(1) At the request of the applicant authority, the requested Hungarian authority (state tax and customs authority) shall take precautionary measures if:
   a) the claim is contested by the debtor at the time when the request is made, or
   b) the applicant authority has not yet made out the initial instrument permitting enforcement or the uniform instrument permitting enforcement, or
   c) either of the conditions under Paragraph a) or b) of Subsection (2) of Section 149 apply, and there is reason to believe that subsequent enforcement of the claim is in jeopardy.

(2) The document drawn up for permitting precautionary measures and relating to the claim for which mutual assistance is requested, if any, shall be attached to the request for precautionary measures, and shall be recognized as an instrument permitting enforcement. If no such document is available, the requested Hungarian authority (state tax and customs authority) shall order the precautionary measures by way of a ruling.

(3) In addition to the document referred to in Subsection (2), the request for precautionary measures may be accompanied by other documents relating to the claim, issued by the applicant authority, and validated in the applicant Member State by the request for recovery.

(4) The provisions of Subsections (1)-(2) and (4) of Section 63, Subsection (1) of Section 64, Section 65 and Subsections (1)-(4) of Section 66 shall apply to the execution of requests for precautionary measures.

Requests Refused

Section 68

(1) The requested Hungarian authority shall refuse the requests made under Sections 60-67 if:
   a) the initial request is made in respect of claims which are more than five years old, dating from the due date of the claim in the applicant Member State to the date of the initial request for assistance, or
   b) in the cases referred to in Subsections (2) and (3), the request is made in respect of claims which are more than ten years old, dating from the due date of the claim in the applicant Member State, or
   c) recovery of the claim would, because of the situation of the debtor, create serious economic difficulties in Hungary, in so far as Hungarian law allow such exception for similar claims in accordance with specific other legislation.

(2) The requested Hungarian authority shall refuse the requests under Sections 63-67 if the total amount of the claims, for which assistance is requested, is less than the forint equivalent of 1500 euro.

(3) If the claim or the initial instrument permitting enforcement is contested by the debtor or by an interested party, the time limit referred to in Paragraph a) of Subsection (1) shall be deemed to begin from the day when it is established in the applicant Member State by the competent body (court) that the claim or the initial instrument permitting enforcement may no longer be contested.

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(4) In cases where payment facilities (postponement of the payment or installment plan) is granted by the competent authorities of the applicant Member State, the time limit referred to in Paragraph a) of Subsection (1) shall be deemed to begin from the moment when the entire payment period allowed under the payment facilities has come to its end.

(5) The requested Hungarian authority shall inform the applicant authority of the grounds for refusing a request for assistance.

Miscellaneous Common Provisions

Section 69

(1) Questions concerning periods of limitation shall be governed by the laws in force in the applicant Member State.

(2) The applicant authority and the requested Hungarian authority shall inform each other of any circumstance (action) which interrupts, suspends or prolongs the limitation period of the claim for which the recovery or precautionary measures were requested.

Section 69/A.

(1) The requested Hungarian authority shall seek to recover the sums referred to in Subsection (4) of Section 64 and the costs linked to the recovery that it incurred according to Section 179 from the taxpayer (person) concerned.

(2) Hungary shall renounce all claims on the applicant Member State (applicant authority) for the reimbursement of costs arising from the execution of recovery assistance, and shall not enforce such claims of the applicant Member State (applicant authority). Any deviation from this provision is permitted only in accordance with Subsection (3), or by means of agreement between the requested Hungarian authority (state tax and customs authority) and the applicant authority on the reimbursement of costs. Specific reimbursement arrangements may be implemented where the requested Hungarian authority (state tax and customs authority) and the applicant authority is of the opinion that recovery creates a specific problem, concerns a very large amount in costs or relates to organized crime.

(3) The applicant Member State shall remain liable for any costs and any losses incurred as a result of actions held to be unfounded, as far as either the substance of the claim or the validity of the initial instrument permitting enforcement and/or precautionary measures are concerned.

Section 69/B.

(1) The applicant authority shall send:
   a) requests for information, notification, recovery and requests for precautionary measures,
   b) the uniform instrument permitting enforcement, initial instrument permitting precautionary measures,
   c) the documents referred to in Subsection (5) of Section 63 and Section 65,
   to the requested Hungarian authority by electronic means, using a standard form, unless this is impracticable for technical reasons.

(2) Subsection (1) shall also apply where the standard forms are accompanied by any documents, or certified true copies or extracts thereof.

(3) As far as possible, these forms shall also be used for any further communication with regard to the request, apart from the sending of documents under Subsection (1) between the requested Hungarian authority and the applicant authority.

(4) Any breach of the provisions of Subsections (1)-(4) shall not affect the validity of the information obtained or of the measures taken in the execution of a request for assistance.

Section 69/C.
(1) The applicant authority shall send to the requested Hungarian authority all requests for information, notification, assistance and for precautionary measures, standard forms for notification and uniform instruments permitting enforcement in Hungarian, or shall be accompanied by a translation into Hungarian.

(2) The documents for which notification is requested may be sent to the requested Hungarian authority in an official language of the applicant Member State.

(3) The requested Hungarian authority (state tax and customs authority) and the competent body (competent authority of the applicant Member State) may reach an agreement as to the language(s) to be used in executing requests for recovery, and in the cases referred to in Subsections (1) and (2).

(4) The documents specified in Subsection (1) shall not be considered valid if sent in violation of the provisions set out in Subsection (1), or of the agreement referred to in Subsection (3) where applicable.

(5) In the event of any breach of the provisions set out in Subsection (1), the requested Hungarian authority may, where necessary, require from the applicant authority a translation of the documents into Hungarian, or one of the languages agreed upon in the agreement referred to in Subsection (3), where applicable. The time limit for the execution of recovery assistance shall not cover the period beginning on the day when the request of the requested Hungarian authority is sent and ending on the day when the translation is received.

Section 69/D.

(1) Information communicated, sent or received by the requested Hungarian authority in the execution of recovery procedures shall be treated as confidential tax information.

(2) The requested Hungarian authority (state tax and customs authority) and other Hungarian administrative authorities may use the information described in Subsection (1) for the purpose of applying enforcement or precautionary measures with regard to claims covered by Subsections (1)-(2) of Section 62, and for assessment and enforcement of compulsory social security contributions. Permission to use information by way of derogation from this provision or for other reasons may be granted in writing only by the Member State from which the information originates.

(3) Information described in Subsection (1) may be invoked or used as evidence by the requested Hungarian authority (state tax and customs authority) and other Hungarian administrative authorities on the same basis as similar information obtained within the meaning of Hungarian laws.

(4) Where the requested Hungarian authority considers that information obtained in the execution of recovery assistance is likely to be useful for the purposes referred to in Subsection (2) to a Member State other than the Member State of the applicant or requested authority (third Member State), it may transmit that information to that third Member State, provided that this transmission is not objected by the applicant or requested authority from which the information originates. The requested Hungarian authority shall inform the applicant or requested authority of origin of the information about its intention to share that information. The applicant or requested authority of origin of the information may oppose such a sharing of information by sending a statement to that effect within ten working days of the date at which it received the communication.

(5) The requested Hungarian authority, as the authority of origin of the information, shall oppose the sharing of such information with a third Member State if it is incompatible with the provisions on recovery assistance. In the application of this Subsection and Subsection (4), the requesting or applicant authority providing the information shall mean the authority of origin of the information.

(6) Persons duly accredited by the Security Accreditation Authority of the European Commission may have access to this information only in so far as it is necessary for care, maintenance and development of the CCN network.

Requests Made to Other Member States and Exchange of Information Without Prior Request

Section 69/E.

(1) Where the competent Hungarian authority sends a request for recovery assistance to the competent authorities of another Member State, Sections 60-70 shall apply subject to the exceptions set out in this Section.

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(2) The competent Hungarian authority shall request recovery assistance under Paragraph a) of Subsection (1) and Paragraph b) of Subsection (2) of Section 60 in respect of the tax referred to in Subsection (1) of Section 4 of this Act, and under Paragraphs a) and c) of Subsection (2) of Section 60 in respect of the penalties, fines and surcharges applied on the basis of this Act.

(3) Requests for recovery assistance in connection with taxes charged by municipal tax authorities shall be sent by their superior bodies, via the competent Hungarian authority.

(4) Where the refund of any tax - including duties - relates to a taxpayer (person) established or resident in another Member State, the competent Hungarian authority may inform the applicant authority of the Member State of establishment or residence of the upcoming refund (exchange of information without prior request). This provision shall not apply to any refund of value added tax.

(5) In the execution of recovery assistance requested by the competent Hungarian authority, any steps taken by or on behalf of the requested authority which have the effect of suspending, interrupting or prolonging the period of limitation according to the laws in force in the requested Member State and in Hungary shall be deemed to have the same effect of suspending, interrupting or prolonging the period of limitation under the laws in force in Hungary.

(6) If suspension, interruption or prolongation of the period of limitation is not possible under the laws in force in the requested Member State, any steps taken in the recovery of claims by or on behalf of the requested authority in pursuance of a request for assistance made by the competent Hungarian authority which would have had the effect of suspending, interrupting or prolonging the period of limitation according to the laws in force in Hungary, shall be deemed to have the same effect of suspending, interrupting or prolonging the period of limitation.

Section 69/F.

(1) By agreement between the requested Hungarian authority or the competent Hungarian authority and the requested or applicant authority of another Member State, officials authorized (delegated) by the applicant authority may, with a view to promoting mutual assistance:
   a) be present in the offices where the administrative authorities of the requested Member State carry out their duties;
   b) be present during administrative inquires carried out in the territory of the requested Member State (including those made by tax authorities);
   c) assist the competent officials of the requested Member State during court proceedings in that Member State.

(2) Under the agreement referred to in Subsection (1), officials of the applicant Member State and officials authorized by the competent Hungarian authority shall at all times be able to produce written authority (letter of authorization or similar document), respectively, in Hungary and in the requested Member State, stating their identity and their official capacity.

Interpretative Provisions

Section 70

For the purposes of Sections 60-69/F:
1. ‘recovery assistance’ shall mean a procedure relating to requests for information, notification, recovery and requests for precautionary measures, as governed under Sections 60-69/F;
2. ‘applicant authority’ shall mean a central liaison office, a liaison office or a liaison department of a Member State of the European Union which makes a request for assistance concerning a claim;
3. ‘requested authority’ shall mean a central liaison office, a liaison office or a liaison department of a Member State of the European Union to which a request for assistance is made;
4. ‘competent Hungarian authority’ shall mean the minister in charge of taxation;
5. ‘requesting Hungarian authority, requested Hungarian authority’ shall mean a body or department of the state tax and customs authority designated by Government decree as the central liaison office, a liaison office or a liaison department in connection with requests for assistance, taking account of the following:

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5.1. ‘central liaison office’ shall mean the office which has been designated as such with principal responsibility for contacts with other Member States of the European Union in the field of recovery assistance and, under specific authorization, in the field of administrative cooperation with the European Commission;

5.2. ‘liaison office’ shall mean the office which has been designated as such with responsibility for contacts with other Member States of the European Union in the field of recovery assistance with regard to one or more specific types or categories of taxes and duties referred to in Section 60;

5.3. ‘liaison department’ shall mean any office other than the central liaison office and the liaison department which has been designated as such to participate in the field of recovery assistance;

6. ‘person’ shall mean:
   a) a natural person and a legal person,
   b) in the application of Hungarian laws and where legislation in force in another Member State so provides, an association of persons recognized as having the capacity to perform legal acts but lacking the legal status of a legal person, or
   c) in the application of Hungarian laws, any other legal arrangement of whatever nature and form, which has legal personality or not, owning or managing assets which, including income derived therefrom, are subject to any of the taxes covered by this Act having regard to recovery assistance;

7. ‘by electronic means’ shall mean using electronic equipment for the processing, including digital compression, and storage of data (information), and employing wires, radio transmission, optical technologies or other electromagnetic means;

8. ‘CCN network’ shall mean the common platform based on the common communication network (CCN) developed by the European Union for all transmissions by electronic means between competent authorities in the area of customs and taxation;

9. ‘standard form’ shall mean a standard form that meets the detailed criteria adopted by the European Commission under Article 26 of Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures;

10. ‘uniform notification form’ shall mean a standard form containing at least the following information:
   a) name, address and other data relevant to the identification of the addressee;
   b) the purpose of the notification and the period within which notification should be effected;
   c) a description of the attached document and the nature and amount of the claim concerned;
   d) name, address, other postal and electronic address regarding:
      da) the authority responsible with regard to the attached document, and, if different,
      db) the authority where further information can be obtained concerning the notified document or concerning the possibilities to contest the payment obligation;

11. ‘initial instrument permitting enforcement’ shall mean a document that makes enforcement possible in the applicant Member State;

12. ‘uniform instrument permitting enforcement’ shall mean a document constituting the sole basis for the recovery and precautionary measures taken in a Member State other than the applicant Member State. The uniform instrument permitting enforcement shall contain the material sections of the initial instrument permitting enforcement and the following information:
   a) information relevant to the identification of the initial instrument permitting enforcement, a description of the claim (including its nature, the period covered by the claim, any dates of relevance to the enforcement process, and the amount of the claim and its different components such as principal, interest accrued, etc.),
   b) name and other data relevant to the identification of the debtor,
   c) name, address, other postal and electronic address regarding:
      ca) the authority responsible with regard to the document attached to the uniform instrument permitting enforcement, and, if different,
      cb) the authority where further information can be obtained concerning the claim or the possibilities for contesting the payment obligation.

**Chapter VI**

**COMPETENCE AND JURISDICTION**

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Section 71

(1) The tax authority shall carry out control procedures in matters in which it has competence and jurisdiction. In the event of its failure to comply, the tax authority shall be instructed by its superior body upon request or ex officio.

(2) If the tax authority fails to comply with the superior body’s instruction to abide by its procedural obligations within the time limit prescribed, the superior body shall have powers to take over the case in question. The superior body shall hear the case in the first instance or appoint another authority with the same competence for the procedure in the first instance.

(3) If there is no superior body or if the superior body fails to execute its vested authority, the general court shall, at the taxpayer’s request, order the tax authority to carry out the procedure.

(4) With the exceptions referred to in Subsection (2), cases over which the tax authority has jurisdiction may not be taken from it.

(5) The provisions of this Section shall also apply to redress procedures.

(6) As regards the main departments of the state tax and customs authority, the director of the state tax and customs authority shall function as the superior tax authority.

Jurisdiction of the State Tax Authority

Section 72

(1) The state tax authority shall handle all
a) cases relating to tax and central subsidies,
b) cases of tax refunds,
c) cases of granting and reclaiming government guarantees (surety facilities),
d) cases of recovery of outstanding public dues enforced as taxes,
e) cases relating to the enforcement of debts - upon request - stemming from local business taxes and motor vehicle taxes owed to municipal governments,

unless the case is conferred by an act or government decree under the competence of another authority or tax authority.

(2)

(3) In bankruptcy and liquidation proceedings and in winding-up proceedings, and also in property distribution and debt consolidation proceedings:
   a) the state tax authority shall proceed in the capacity of a creditor as regards the claims which are due to the state tax and customs authority;
   b) the state tax authority shall function as a credit representative in connection with membership payments (membership payment supplements), default interests and self-audit surcharges which are due to private pension funds.

(4) As regards the claims indicated in Subsection (3) above, the state tax authority shall be responsible to carry out judicial enforcement proceedings.

(5) In connection with applications for state subsidies for housing purposes the state tax authority shall - at the credit institution’s request - conduct an authenticity check relating to the invoices and the applicant’s entitlement for receiving such support.

(6) The treasury shall enforce any claim arising in connection with state subsidies for housing purposes that may occur outside the scope of Subsection (4). Any claim contained in the treasury’s resolution adopted in connection with the above within the framework of administrative proceedings shall be treated as outstanding public dues and shall be enforced by the state tax authority as taxes.

Section 73

The jurisdiction of the state tax authority is governed in specific other legislation.

Section 74

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Section 75

Section 76

Section 77

Section 78

Jurisdiction and Competence of the Customs Authority

Section 79

(1) With the exception of enforcement proceedings, the customs authority has competence to administer:
   a) registration duties;
   b) taxes on foreign-registered motor vehicles;
   c) excise taxes;
   d) value added tax on tobacco products with tax seals affixed;
   e) energy taxes;
   f) taxes charged on imported products, other than value added tax;
   g) value added tax charged on imported products in the case of persons deemed non-taxable under the Act on Value Added Tax, taxpayers claiming individual tax exemption, taxpayers engaged exclusively in activities in the public interest or in activities exempted under special arrangements, taxpayers engaged in agricultural activities under special legal status, persons liable for payment of value added tax without the customs authority's authorization, and taxpayers taxed under the simplified entrepreneurial taxation system;
   h) value added taxes in connection with the acquisition of a passenger car or motorcycle that is subject to motor vehicle registration duty which are treated as new means of transport in any Member State of the European Communities if the buyer is a private individual or organization who (that) is not liable for payment of value added tax, any taxable legal person that is not liable for payment of value added tax, a taxpayer engaged exclusively in activities without entitlement to tax deduction, a taxpayer claiming individual tax exemption or engaged in agricultural activities under special legal status, or a taxpayer taxed under the simplified entrepreneurial taxation system;
   i) environmental protection product charges.
   j) public health product charges.

(2)

Section 80

The jurisdiction of the customs authority is governed in specific other legislation.

Jurisdiction and Competence of the State Tax and Customs Authority

Section 80/A.

(1) Subject to the exceptions set out in specific other legislation, of the responsibilities listed under Section 72 and Section 79, the state tax and customs authority shall be responsible for the issue of VPID codes and the related registration proceedings.

(2) The responsibilities of the state tax and customs authority under Subsection (1) shall be governed by the provisions of specific other legislation.

Jurisdiction and Competence of Municipal Tax Authorities

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Section 81

Municipal tax authorities shall have competence in the first instance regarding:

a) local taxes;
b) taxes on motor vehicles registered in Hungary;
c) taxes on incomes received from the rental or lease of arable lands (including land allotments);
d) outstanding public dues of private individuals that are enforced as taxes in the cases specified by law.

Section 82

(1) Local taxes shall be administered by the tax authority of the municipal government by which they are levied.

(2) Taxes on motor vehicles registered in Hungary shall be collected by the tax authority of the municipal government (district government in Budapest) where the home address or place of business of the taxpayer registered in the traffic records is located. The competence of a municipal tax authority shall be transferred as instructed in the Act on Motor Vehicle Taxes consistent with any change in terms of the taxpayer.

(3) The taxation of incomes received from the lease of arable lands shall be the responsibility of the municipal government responsible for the place where the land is located.

Section 83

Section 84

Chapter VII

OFFICIAL TAXATION PROCEEDINGS

Section 85

Official taxation proceedings are conducted for the tax authority to establish the rights and obligations of taxpayers, to monitor compliance with tax obligations and due process, to keep records on facts, data and information relating to taxation, and to verify data.

Tax Authority Certificates

Section 85/A

(1) The tax authority shall make out tax and income certificates and certificates of residence for tax purposes (hereinafter referred to as “tax authority certificate”) under its own jurisdiction, containing data and information the taxpayer has requested and that is prescribed by the relevant legislation, if available in the tax authority’s records as on the date of issue, on condition that the taxpayer is able to substantiate the need for a tax authority certificate. The tax authority certificate shall be treated as an official certificate. Taxpayers may request to have a combined tax certificate issued. The combined tax certificate shall indicate any tax and customs debt owed to the state tax and customs authority, or the absence of such liabilities.

(2) The tax authority shall make out tax and income certificates in Hungarian, and certificates of residence in Hungarian or in Hungarian and English if so requested by the taxpayer. The tax authority shall also make out a certificate of residence on a form prescribed by a foreign authority if the applicant provides a Hungarian translation of the form. No translation is necessary if the form is made in the English language, or if the form is multi-lingual and all items are indicated in English as well.

(3) The standard tax certificate shall indicate any debt the taxpayer has toward the tax authority on the date the certificate is issued or on the date indicated in the application for the tax certificate, or in the absence of any debt, any tax debt that was registered as irrecoverable that did not yet lapse, any prior failure on the taxpayer’s part to comply with tax obligations.

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Section 86

Objective of Controls

(1) In order to combat attempts to evade taxes and any unlawful activity for claiming central subsidies and tax refunds, the tax authority shall conduct regular audits of taxpayers and other persons involved in the taxation system. The objective of audits is to enforce the provisions of tax laws and other relevant legislation and detect any violation or infringement of these regulations. The tax authority shall investigate the facts and circumstances of any alleged violation or infringement of tax regulations and gather data and information as evidence to support such allegations in the ensuing proceedings.

(2) The tax authority shall allocate its resources under the principles of efficiency and feasibility. The basic guidelines for control shall be laid down, and they shall be enforced in order to encourage taxpayers to abide by the law.

(3) In order to improve the efficiency of control procedures and hence to alleviate the administrative burdens of taxpayers, the tax authorities may conduct joint inspections and audits in the cases falling within their competence.

Control Measures

Section 87

(1) The tax authority shall frequently and regularly:

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a) re-audit tax returns (including simplified control),
b) monitor the redemption of government guarantees,
c) audit the fulfillment of certain tax obligations,
d) gather data and information and investigate the authenticity of economic events,
e) monitor compliance with duty payment obligations,
f) re-audit previously audited tax periods
in order to achieve its objectives.

(2) A tax period shall be deemed audited upon the institution of the procedure referred to in Paragraph a) of Subsection (1).

(3) The tax period covered by any re-audit of the tax return submitted under Subsection (2) of Section 31 by a private individual who is engaged in private entrepreneurial activities for the tax year shall not be deemed audited.

**Competence in Control Procedures**

*Section 88*

(1)

(2)-(4)

(5) In auditing taxpayers engaged in commercial activities in the internal market of the European Community - with particular regard to the classification and fair value of products - the state tax authority may request assistance from the customs authority by instruction of the director of the state tax and customs authority. The customs authority shall be vested with powers, as decreed by the head of the state tax and customs authority, to participate in the control of tax liabilities relating to taxes and central subsidies falling within the competence of the state tax authority. The customs authority shall carry out control and the related procedures in accordance with the provisions of this Act. The customs authority shall impose the tax on non-Community goods that were released for free circulation illegally by way of a resolution adopted in a posteriori tax assessment procedure.

(6) Goods of a commercial nature held by a person liable for payment of value added tax may be transported only in possession of an authentic document in proof of the goods’ origin, such as a consignment note or an invoice. The customs authority may request the person transporting such goods of commercial nature to reveal the name of the person who is liable for payment of value added tax and on whose behalf the goods are transported, and may check the documents available, if any, in proof of the origin and ownership of the goods, such as a consignment note or an invoice.

(7) The customs authority shall have powers to inspect the driver of a long-distance means of public transportation who is registered in another Member State of the European Communities as to whether he is engaged in providing local passenger transportation services in Hungary and as to whether the operator is registered in compliance with the obligation of registration.

(8)

*Section 88/A*

(1) With a view to investigating infringements and any unlawful conduct of taxpayers carrying the potential to substantially jeopardize the interests of the central budget and extra-budgetary funds, and to restore operations within the framework of the law, the bodies appointed by the Government shall have authority to exercise central control where instructed by the head of the state tax and customs authority or the head of the customs authority under his own authority or upon the request of any other authority inside the territory of Hungary for the reasons defined in Subsection (2), and shall have powers to take control of investigations (central control).

(2) The central control referred to in Subsection (1) may be ordered where the facts and evidence available suggest that tax liabilities:

a) are fulfilled under illegal cross-border commercial relations directed to third countries, or under the pretense of legitimate commercial ties;
b) are infringed upon in the course of commercial relations with any one or more taxpayers established in other Member States of the European Communities;

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Selection of Taxpayers for Auditing

Section 89

(1) An audit must be conducted:
   a) when a company is ordered to be wound up;
   b) when requested by the chairman of the Állami Számvévőszék (State Audit Office);
   c) when ordered by the minister in charge of taxation;
   d) by resolution of the council of representative of a municipal government in respect of taxes falling under the competence of municipal tax authorities.

(2) The chairman of the State Audit Office and the council of representatives of municipal governments may order an audit when the prevailing facts and circumstances indicate that the tax authority is not exercising control with respect to a taxpayer or group of taxpayers in violation of the control regulations laid down by law or if a control procedure proved to be inconclusive on account of violation of the principle of non-discrimination.

Section 90

(1) In addition to statutory control, the state tax authority shall conduct its control operations in accordance with the control guidelines published by its director in compliance with the guidelines set out in this Act and published by 20 February of each year.

(2) The control guidelines issued by the director of the state tax authority shall regulate the use of the tax authority’s capacity of control and audit, particularly in regard to the latest economic trends, tax policy objectives, changes in the relevant legislation, prevailing management practices and, in terms of tax revenue, those practices that are most harmful and those taxpayers and groups of taxpayers that pose the greatest risk.

(4) The control guidelines shall specify:
   a) the special objectives for the year;
   b) the types of economic activities (trade, profession or sector) to be controlled, the profitability indices for the various regions and municipalities broken down per trade or activity, and the criteria for the control of taxpayers who fail to reach the profitability limits;
   c) the proposed ratio among the various types of control procedures, meaning the investigation of rapid financial advancement, audits ordered upon the correction of tax returns to be carried out before disbursement as well as the examination of companies engaged in transformation, companies starting up and companies whose tax liability is being terminated or that are dissolving without succession.

(5) The state tax authority shall maintain an estimation database in support of selection and audit processes. The estimation database contains data compiled on the basis of the findings and interpretation of previous audits, separately in respect of different activities, broken down by field, relating to turnover, staff number and other information underlying tax liability. The state tax authority shall update the estimation database on a yearly basis, taking into account data from tax returns, and data supplied by the Központi Statisztikai Hivatal (Central Statistics Office) within the framework of disclosure, or published officially.

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(6) The state tax authority, apart from statutory control procedures and those based on random selection, shall also select taxpayers to be audited through dedicated selection schemes. In the dedicated selection scheme, the state tax authority shall select taxpayers for auditing on the basis of:
   a) the tax returns they have filed;
   b) data disclosed;
   c) the records containing tax payments and subsidies disbursed;
   d) the findings of previous inspections and audits;
   e) information and data files received from other authorities and/or taxpayers; and
   f) publicly available data and information.

(7) Each calendar year the state tax authority shall select at least 10 per cent of the business associations founded during that year without predecessor for inspection on the basis of risk analysis. The tax authority shall conduct on-site inspections at the taxpayers selected within ninety days after the tax number is assigned to check the authenticity and credibility of the information supplied by the taxpayer (such as in particular, the registered office, the main office of central business administration, representatives), and compliance with tax liabilities. If during the inspection the tax authority finds any infringement serving grounds for the suspension of the tax number, it shall apply the sanctions described in Section 24/A of this Act. Comprised in the risk analysis conducted under this Subsection, the tax authority shall process and compare the information available concerning the prior economic activities and tax history of the members and executive officers of the business association.

For the purposes of risk analysis, the following factors shall be taken into consideration:
   a) whether any member or executive officer of the taxpayer was previously involved in a business association in the capacity of member or executive officer,
   aa) that was wound up without succession without settling any public dues shown in the state tax authority’s records as outstanding,
   ab) against whom substantial tax arrears have been assessed by the state tax authority,
   ac) that was sanctioned previously by the state tax authority by store closure,
   ad) whose tax number the state tax authority has suspended or withdrawn pursuant to Section 24/A of this Act;
   b) whether the private entrepreneurial license of any member or executive officer of the taxpayer was withdrawn within the preceding five-year period for any violation of tax related obligations conferred under the competence of the state tax authority, such as payment, notification, declaration and accounting requirements.

The detailed rules for the selection process for the purposes of risk analysis shall be laid down by the director of the state tax authority in the form of instructions.

(8) The state tax authority shall indicate in the audit reports the audited taxpayer’s identification data, the selection method and the immediate reason for the audit.

(9) Subsections (1), (3), (4)-(6) and (8) of this Section shall apply in connection with audits conducted relating to the type of taxes conferred under the customs authority’s jurisdiction.

Request for Correction of Tax Return

Section 91

(1) The state tax authority shall request private individuals whose declared income shown on the tax return is below the prevailing minimum wage in two consecutive years to supply additional information.

(2) Based on the request, the private individual shall supply an itemized statement of the expenditures (costs, expenses, investments) financed from all of the income (revenue) received during the tax year as well as its sources.

(3) In conjunction with its request for additional information to supplement the tax return, the state tax authority shall be entitled to check:
   a) information pertaining to co-habitation with other persons or the support of other persons by virtue of law or under contract,
   b) the characteristics of community property of spouses or domestic partners, or of the property and/or assets in the taxpayer’s use,
that are essential for determining the taxpayer’s true source(s) and utilization of income or revenues.
(4) The state tax authority shall examine whether the income and other proceeds declared by the private individual are sufficient to cover the expenditures (costs, expenses, investments) indicated in the itemized statement. If the amount of income and other proceeds declared proved to be insufficient or if the private individual fails to provide reliable evidence to verify the contents of his statement when requested to do so by the tax authority, the tax authority shall order a follow-up audit of the private individual’s tax return. If no audit is scheduled, the tax authority shall forthwith destroy all data obtained according to Subsection (3) above upon mailing the notice therefor.

Section 91/A

(1) Where a taxpayer provides a statement in his tax return declaring his intention not to apply the income (profit) minimum specified in Subsection (23) of Section 49/B of the Act on Personal Income Tax and in Subsection (7) of Section 6 of the Act on Corporate Tax and Dividend Tax as his tax base, he shall enclose a tax return supplement prescribed by the state tax authority with his tax return. For legal aspects, the tax return supplement shall be treated as a tax return.

(2) The tax authority shall process the data contained in the tax return supplement, and shall select those taxpayers - relying on a risk assessment program - using a computer-aided mechanism for the purpose of auditing compliance with tax liabilities of taxpayers, where there is reason to believe that the profit they show from business operations reflect the concealment of revenues or unlawful cost accounting practices. Where the tax authority challenges any economic event, the burden of proof to verify that such events are true and that they did actually take place, or that the costs (expenses) were in fact incurred in the interest of business operations, lies with the taxpayer affected. If the conditions set out in Paragraph e) of Subsection (3) of Section 108 of this Act are satisfied in the process of checking compliance with tax liabilities, the tax authority shall conduct a follow-up audit to estimate the tax base and/or the amount of tax liability.

(3) If, according to the tax authority’s findings, the company’s revenues and the income it provides is unlikely to cover the costs and expenses, including any investments, which are apparently required for the lifestyle of the private entrepreneur or private individual who is the owner of the company in question, the tax authority may order the private individual affected to supplement his tax return in accordance with Section 91.

(4) The tax authority shall make its selection for audit within thirty days following the deadline for filing, or from the date of receipt of the corrected tax return if it was originally filed with errors or was incomplete, or if filed in delay, of which the tax authority shall notify the taxpayer affected in writing. The notification shall not constitute commencement of the audit. The tax authority is required to commence the audit within one year from the time of the selection. Other aspects of the audit shall be governed by the provisions contained in this Chapter.

(5) If the taxpayer’s statement is erroneous, deficient or incomplete, he shall notify the tax authority within eight days following registration of the error or discrepancy for the tax authority to make the necessary corrections.

(6) Where Subsection (1) applies to a taxpayer upon the self-audit of his tax return, a tax return supplement shall also be made out and filed attached with the self-audit form. The provisions set out in this Section shall apply to tax return supplements and to selection for audit.

Deadlines in Control Procedures

Section 92

(1) The time limit for control procedures shall be thirty days, including the first and last day of the procedure.

(2) By way of derogation from Subsection (1), the time limit for control procedures shall be:
   a) ninety days in the case of the subsequent verification of tax returns and for re-auditing previously audited tax periods, or one hundred and twenty days in respect of the largest taxpayers in terms of tax payment;
   b) one hundred and twenty days in respect of central control;
   c) ninety days in the case of inspections in connection with the redemption of government guarantees;
   d) the time limit prescribed for inspections preceding the disbursement of central subsidies.

(3) The time limit for control procedures shall begin on the day when the letter of authorization is delivered, or failing delivery, when presented.
(4) If the superior authority, or the court orders the reopening of proceedings in respect of control procedures, the time limit for control procedures in the new proceedings shall begin on the day of dispatch of the notice on the opening of such new proceedings, or on the day of submission of notice if no postal delivery is effected. The new proceedings shall be opened within sixty days from the operative date of the decision or resolution thereof.

(5) In the case of bankruptcy proceedings, the control procedure in respect of the period preceding the time of the opening of bankruptcy proceedings shall be completed within ninety days following the time of the opening of bankruptcy proceedings.

(6) In the case of liquidation, the subsequent control of the final tax return(s) and the subsequent control of the preceding period shall be completed within one year of the publication of the opening of liquidation proceedings, or in connection with simplified liquidation within forty-five days of receipt of the final tax return, in any case within not more than one year from the time of publication of the opening of liquidation proceedings. Subsequent verification of tax returns filed upon the conclusion of liquidation proceedings shall be carried out within sixty days from the date of receipt, or from the date of receipt of tax returns for specific taxes if submitted at different times, or within forty-five days in the case of simplified liquidation proceedings.

(7) In connection with dissolution proceedings, subsequent verification of final tax returns for closing out the activities, tax returns filed upon the conclusion of dissolution proceedings, and of the tax return(s) filed for the period between the date of the final tax return for closing out the activities and tax returns filed upon the conclusion of dissolution proceedings, and the subsequent verification of periods preceding the final tax return for closing out the activities shall be carried out within sixty days of receipt of the tax returns filed upon the conclusion of dissolution proceedings, or the date of receipt of the tax return of corporate tax and dividend tax if the tax returns filed upon the conclusion of dissolution proceedings are submitted at different times, or within forty-five days in the case of simplified dissolution proceedings.

(8) Where tax returns filed upon the conclusion of liquidation or dissolution proceedings are amended by self-revision, or corrected or remedied by order under Section 34, the time limit for the conclusion of audits of the tax returns filed upon the conclusion of liquidation or dissolution proceedings shall be calculated from the time such amendment or correction is made, from the operative date of the resolution rendered on correction, or from the date of the court decision adopted upon judicial review of the resolution, or from the time of remedying deficiencies, failing this, from the last day of the time limit prescribed for remedying deficiencies. As regards liquidation proceedings, if new proceedings are opened for the subsequent verification or re-audit of the final tax returns for closing out the activities, or the previous period, they may be concluded past one year from the time of publication of the audit, or, as regards simplified liquidation proceedings, the audit shall be completed within forty-five days from the date of receipt of the tax returns filed upon the conclusion of liquidation, or the date of receipt of the individual tax returns if the tax returns filed upon the conclusion of dissolution proceedings are submitted at different times.

(9) If the taxpayer interferes with the verification or audit by failing to appear or by violating the obligation to cooperate, or in any other way, the duration of such interference, or a maximum period of ninety days shall not be included in the time limit for the conclusion of such proceedings. The tax authority may continue the proceedings during the aforementioned period of interference. Upon becoming aware of the interference, the tax authority shall forthwith order the taxpayer to cease such conduct.

(10) If the tax authority requests to have a guardian ad litem appointed, it shall move to request national legal assistance, or shall appoint an expert from the day of dispatch of the request for the appointment of a guardian ad litem until the operative date of the decision for the appointment of a guardian ad litem, where the duration between the day of dispatch of the request for national legal assistance and the date when the reply is received, or maximum thirty days, or if an expert is appointed, between the operative date of the ruling on the appointment and the date when the expert’s opinion is delivered shall not be included in the time limit for the conclusion of the verification or audit. The tax authority may continue the proceedings during such period of suspension. The tax authority shall notify the taxpayer concerning the opening and the closing date of the suspension.

(11) If, with a view to ascertaining the relevant facts of a case, the tax authority orders in connection with auditing a taxpayer, the inspection of certain other taxpayers as well (related inquiry), the duration of such related inquiry shall not be included in the time limit for the conclusion of the audit. The tax authority may continue the proceedings during such period of related inquiry, or the day of submission of notice if no postal delivery is effected. The tax authority shall notify the taxpayer concerning the opening and the closing date of the related inquiry, or the day of submission of notice if no postal delivery is effected. An ongoing audit of another taxpayer who was or is a party to a contractual relationship with the taxpayer shall be treated as a related inquiry, if the findings of such audit are

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deemed necessary for ascertaining the relevant facts of the case. In that case the dispatch of the notice of suspension shall be construed as the initial day of the related inquiry, or the day of submission of notice if no postal delivery is effected.

(12) If the tax authority has requested assistance from a foreign tax authority to ascertain the relevant facts of a tax liability case in accordance with the relevant international treaty and tax cooperation regulations of the European Union, the period between the time the notice on the request is dispatched to the taxpayer, or from the day of submission of notice if no postal delivery is effected, until the eighth day from the date when the reply of the foreign tax authority is received shall not be included in the time limit prescribed for the control procedure concerning the tax or central subsidy to which the request pertains. The tax authority may carry on the control procedure during the period while the request made to the foreign tax authority is pending. The tax authority shall notify the taxpayer concerning the request made to the foreign tax authority, and also when the response of the foreign tax authority is received. If the requested foreign tax authority fails to reply within one year from the date of the request, the inspection may be concluded nonetheless if the relevant facts of the case have otherwise been ascertained. In that case the last day of the year from the day of dispatch of the request to the foreign tax authority shall be construed as the last day of the time limit for control.

(13) The time limit for control may be extended once by maximum ninety days by authorization of the head of the tax authority conducting the control procedure if it is able to show cause. The extended time limit for control may be extended under extraordinary circumstances once by up to ninety days by authorization of the superior authority at the request of the tax authority conducting the control procedure. In cases falling within the jurisdiction of the state tax and customs authority, the time limit that has been extended by the superior authority may be extended under extraordinary circumstances once by up to one hundred and twenty days by the head of the state tax and customs authority under authorization of the superior authority at the justified request of the tax authority conducting the control procedure. In cases falling within the jurisdiction of municipal tax authorities, the time limit that has been extended by the superior authority may be extended under extraordinary circumstances once by up to one hundred and twenty days by the minister in charge of taxation under authorization of the superior authority at the justified request of the tax authority conducting the control procedure.

(14) The time limit for control may be extended by means of a ruling.

(15) Beyond the time limit for control the tax authority may not continue to carry out further control procedures. If no extension is granted, the control procedure shall be concluded within the prescribed time limit and closed in the manner defined by law.

(16) The tax authority shall arrange the examination programs of control procedures so as to abide by the statutory time limits prescribed for control procedures.

**Commencement of the Control Procedure**

*Section 93*

(1) A control procedure shall commence upon delivery of the letter of authorization. If there is no letter of authorization delivered by decision of the tax authority, the control procedure shall commence upon conveyance of a copy of the letter of authorization or presentation of the general letter of authorization. Where new proceedings are opened, a new letter of authorization shall not be issued.

(2) If the taxpayer or his authorized representative, proxy or employee refuses to accept the letter of authorization, the control procedure shall commence when a report thereof is made and signed in the presence of two official witnesses.

(3) Control procedures may be carried out by an officer of the tax authority who has official identification and a letter of authorization (hereinafter referred to as “tax inspector”). While in the tax authority’s offices, tax inspectors are not required to carry their official identification when involved in a control procedure.

(4) The tax inspector may commence an onsite inspection only in the presence of the taxpayer, his representative or proxy or, in the absence of such, two official witnesses. When the purpose of an inspection is to gather information, it may also commence if one of the taxpayer’s employees or, in the case of sample purchase, covert or otherwise, a salesperson is present, or in the case of sample purchases made at taxpayers providing electronic

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commercial services, or at sale-to-order vendors of goods, a person involved in the delivery of the goods ordered is present.

(5) When making a sample purchase, the authorization to conduct the inspection shall be verified upon conclusion of the sample purchase, following which the salesperson shall refund the purchase price upon taking the goods back. If making a sample purchase at a taxpayer providing electronic commercial services or at a sale-to-order vendor of goods, and a document related to the sales transaction is not enclosed with the product delivered, the tax inspector shall be entitled to open the packaging of the goods and ascertain that the vendor placed the sales document inside the packaging. The person involved in the delivery of the product ordered shall serve as an official witness for the purposes of the inspection. The tax authority shall be liable to return the product only upon the vendor having refunded the purchase price upon receipt of notice requesting a refund. If the vendor refuses to take the product back and to refund the purchase price, the purchase price shall be treated as a procedural expense, that shall be borne by the vendor, and/or the product shall be sold by the tax authority in accordance with the provisions on the enforcement of tax debts, or destroyed if cannot be sold.

(5a) In the case of covert sample purchases, the tax inspector’s authorization to conduct the inspection shall not be verified upon conclusion of the sample purchase if no infringement is found, for it shall be verified by way of the report delivered to the taxpayer. If the tax inspector finds any infringement, the provisions of Subsection (5) shall apply.

(6) The letter of authorization shall contain the name of the tax inspector carrying out the inspection as well as the name of the taxpayer to whom it pertains, the type of tax liability, the period to be inspected, and the type of control procedure to be carried out.

(7) The tax authority may issue a general letter of authorization to a tax inspector authorizing him to conduct inspections concerning certain tax liabilities and gather information accompanied by another tax inspector who does not have a letter of authorization. The general letter of authorization shall contain the name of the tax inspector and the period of validity of the letter of authorization.

(8) The tax inspector of the state tax and customs authority holding a general letter of authorization shall have powers to conduct inspections without any territorial restrictions.

Control Proceedings

Section 94

(1) Control proceedings shall be conducted on site or in the offices of the tax authority before the right to assess taxes and central subsidies lapses.

(2) Onsite inspections shall be conducted during business hours (working hours) at a taxpayer working in self-employment or between 08:00 and 20:00 hours at other persons. Different times may be arranged at the taxpayer’s request. Such inspections shall include the taxpayer’s assets and documents stored or deposited outside its registered office and/or place of business.

(3) Inspection in the offices of the tax authority shall be conducted during office hours. Office hours shall be scheduled so as to allow taxpayers to be heard after their working hours.

Section 95

(1) In the course of its inspection, the tax authority shall examine and review the documents, receipts, books, records (including those in electronic format), calculations and other facts, data and circumstances required for determining the base and amount of taxes and central subsidies.

(2) Where any invoice (simplified invoice), or document that is necessary for the conduct of the control procedure, or any contract or other document underlying the economic event to which the invoice (simplified invoice), or document pertains is made out in a foreign language, other than English, German or French, and if the relevant facts of the taxation case cannot be ascertained otherwise, the taxpayer shall supply a certified Hungarian translation of the invoice (simplified invoice), or document, or an official Hungarian translation of the contract or other document underlying the economic event to which the invoice or document pertains, when so requested by the tax authority. If the taxpayer prepares the records prescribed by the legislation laying down provisions for the obligation to keep

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records relating to the determination of fair market value, or the underlying documents in a language other than Hungarian, English, German or French, and if the relevant facts of the taxation case cannot be ascertained otherwise, the taxpayer shall supply an official Hungarian translation of such records and documents, or specific parts of them within the prescribed deadline at the tax authority’s request. The period between the date of dispatch of the request or from the day of submission of the request if no postal delivery is effected, until the time of compliance, or until the last day of the prescribed time limit in the event of non-compliance shall not be included in the time limit set for the control procedure.

(3) Taxpayers shall render all documents and records, including those stored in electronic format, available to the tax authority in the format requested by the tax authority, and shall allow access to study all facts, circumstances and other particulars that are necessary for the inspection. Taxpayers and their employees shall provide any information required by the tax authority that is necessary for the inspection. The taxpayer may not be compelled to supply records or prepare summary statements (calculations) that are not prescribed by law.

(4) If a taxpayer’s documents are incomplete or unorganized and/or his records are inaccurate or inadequate as a result of which they cannot be used to determine the taxpayer’s obligations, the tax authority shall order the taxpayer to make the necessary corrections and arrangements and resolve any discrepancies within the prescribed deadline to bring his documents and records into compliance with the relevant legislation. The period between the date of dispatch or submission of the request until the time of compliance, or until the last day of the prescribed time limit in the event of non-compliance, shall not be included in the time limit set for the control procedure.

(5) The tax authority may procure the services of experts for its inspections.

(5a) During the control procedure the state tax and customs authority may contact the expert institution competent for the assessment of research and development activities concerning:

a) the classification of the taxpayer’s activities from the perspective of research and development, and/or

b) the chargeability of costs incurred in connection with research and development activities, to the research and development activities [Paragraphs a)-b) heretofore and hereinafter referred to collectively as “procedure for the classification of research and development activities”].

(6) If the municipal tax authority lacks a tax inspector with sufficient expertise in inspecting taxpayers required to use double-entry bookkeeping, the municipal tax authority shall be entitled to contract the services of an independent certified auditor, tax adviser, tax consultant or certified tax consultant (hereinafter referred to as “appointed auditor”). The appointed auditor shall be authorized to inspect all those documents necessary for auditing the taxpayer.

Section 96

(1) The tax authority shall not be required to deliver the letter of authorization to the taxpayer if there is reasonable suspicion that documents, books, records, registers, electronic data and information and other material relating to taxes to be reviewed might be destroyed or that the circumstances of the business activities might be altered.

(2) In the case described under Subsection (1), a report shall be made of the conditions found at the site; if necessary, documents, books, registers and other instruments shall be impounded. A receipt for such shall be issued, and, where necessary, copies shall be left behind. The receipt shall include an itemized list of all of the impounded documents.

(3) Under other circumstances, documents may be impounded for inspection on official premises; in this case, however, the tax authority shall only be authorized to keep them for more than sixty days if it has permission from the director of the tax authority and the taxpayer is duly notified.

(4) If the inspection reveals any evidence of fraud committed with the cash register, and there is no other way to clarify the facts, the cash register may be impounded for the purpose of inspection for a period of up to ten days, for which a receipt shall be issued. During the period of impoundment, the taxpayer shall satisfy the obligation to issue receipts using another cash register used for issuing receipts suitable for identification for tax administration purposes in accordance with specific other legislation, if available, or in the absence of such, by issuing receipts manually.

The Tax Authority’s Rights and Obligations in Control Procedures

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Section 97

(1) Before commencing the inspection, the tax inspector must willingly identify himself and produce evidence of his authorization in the manner prescribed in this Act, and he shall inform the taxpayer concerning the purpose and estimated duration of the inspection.

(2) The tax inspector shall exercise his powers of inspection in a manner so as to cause the least amount of impediment in the taxpayer’s business operations.

(3) In the course of inspection, the tax inspector shall examine the facts, circumstances and data and shall notify the taxpayer, his representative, proxy or employee concerning his findings. When declining to admit evidence furnished by the taxpayer, the tax inspector shall state his reasons verbally and record such reasons in the inspection report.

(4) The tax authority shall ascertain the relevant facts of the case and prove its findings at the conclusion of the inspection, unless the burden of proof is conferred upon the taxpayer by law.

(5) Documents, expert opinions, statements made by the taxpayer, his representative or employee and also those made by other taxpayers, testimonial evidence, onsite inspections, sample purchases, covert or otherwise, trial production, checking inventory and data provided by other taxpayers, findings of other related inspections, the contents of disclosed data, data from the records of other authorities or electronic data and information made available to the public shall, in particular, be construed as admissible proof and evidence.

(6) In the course of ascertaining the relevant facts of the case, the tax authority shall also investigate facts in support of the taxpayer. Any fact or circumstance, apart from estimation procedures, that is not supported by evidence cannot be used against the taxpayer.

Section 98

(1) In the course of inspections, the tax inspector shall have powers:
   a) to enter any room that is necessary for inspecting business, manufacturing and other taxable operations, property or income;
   b) to check vehicles and their cargo, and premises and locations that are connected to the taxpayer’s business operations;
   c) to examine documents, articles and work procedures;
   d) to request information from the taxpayer, his representative or employees and interview other persons;
   e) to establish the identity and position or relation of persons participating in the taxable activities;
   f) to perform sample purchases, covert or otherwise, and take inventory;
   g) to order trial production;
   h) to investigate other taxpayers in contractual relationship with the taxpayer to the extent necessary;
   i) to gather evidence in other ways as it may be necessary to ascertain the relevant facts of the case.

(2) If the taxpayer inspected carries out his entrepreneurial activities on the real property of another person, the owner of such property shall perforce tolerate the tax authority’s inspection of his property.

(3) The tax inspector shall be entitled to conduct his inspection in the residence of a private individual who is not engaged in business activities if the tax liability is related to the residence as an asset, if the income of the taxpayer is derived from the utilization of the residence or if there is reasonable suspicion that the residence is used for unauthorized entrepreneurial activities.

Taxpayers’ Rights and Obligations in Control Procedures

Section 99

(1) When inspected, the taxpayer shall be required to cooperate with the tax authority and shall ensure the proper conditions for the inspection.

(1a) In the event of liquidation or dissolution, the liquidator or receiver, respectively, shall discharge the obligations of the taxpayer as mentioned in Subsection (1) hereof and shall exercise the rights of such taxpayer as of the opening of the liquidation or dissolution proceedings. In the event of any infringement by the liquidator or

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receiver, after the date of the opening of liquidation or dissolution proceedings respectively, the default penalty shall be imposed upon the liquidator or the receiver, however, the liquidator or receiver shall not be sanctioned by default penalty if able to evidence that the infringement is attributable to reasons beyond his control.

(2) When the taxpayer is entitled to a tax exemption or tax allowance, it shall be duly verified by the relevant documents or in some other suitable way.

Section 100

(1) The taxpayer shall be entitled:
   a) to confirm the identity and authorization of the inspecting officer,
   b) to be present at any and all acts of the inspector,
   c) to have an attorney present.

(2) If a private individual taxpayer is unable to exercise his rights - unless the inspection concerns specific tax liabilities or information gathering and with the exception of simplified control procedures and investigations of the authenticity of economic events - he may request postponement on one occasion of the control procedure or suspension of the inspection until his ability is restored, not to exceed sixty days. The duration of suspension shall not be included in the duration of control.

(3) The taxpayer shall be entitled to review the documents drafted in the course of an inspection, request information concerning the findings of the inspection, comment on such findings, present evidence, read the inspection report and make written comments within fifteen days of receipt of the report.

(4) If the tax authority attaches the findings from the inspection of another taxpayer to support the results of an inspection, the report and the resolution on such inspection shall be conveyed to the taxpayer to the extent to which he is concerned.

(5) If an inspection extends beyond the prescribed deadline for reasons attributable to the tax authority in the taxpayer’s opinion, the taxpayer may lodge a protest with the supervisory agency after the time limit has expired. The supervisory agency shall weigh the taxpayer’s opinion in its decision adopted by way of a ruling whether to dismiss the complaint, extend the deadline or order the acting tax authority to declare the case closed.

Special Measures Employed by the Tax Authority in Control Procedures

Section 101

(1) The tax authority shall have powers to order a private individual to produce proof of identity if such private individual is presumed to be involved or appears to be participating in activities subject to tax liability under the given circumstances.

(2) A person required to identify himself shall produce authentic proof of his identity. A personal identification card shall be construed as the principal means of identification; however, any document providing conclusive evidence of the identity of the person may be accepted. The tax authority may accept a statement of verification provided by another person present whose identity has been properly established.

(3) In the event of refusal to produce proof of identification, the tax authority may request the assistance of the police to enforce compliance.

(4) The identity check may only last for the time it takes to establish identity. The person whose identity is being checked shall be informed of the reason therefor.

Section 102

(1) If a taxpayer, his representative or employee, or any person who served as the taxpayer’s representative or employee during the period inspected, or a witness, fails to meet his obligation to attend in person in spite of being lawfully subpoenaed, and upon his failure to show cause for his absence, the head of the competent tax authority may order the arrest of such person. The arrest warrant shall be approved by the public prosecutor’s office.

(2) In the case defined in Subsection (3), a professional staff member of the NAV may attend the procedural acts carried out by the tax inspector, however, he may not carry out any act for the control procedure.

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(3) If a taxpayer obstructs an inspection by endangering or threatening a tax inspector, the tax authority may request the assistance of the police in accordance with the provisions set out in the Act on the Police, or may invoke the professional staff member of the NAV attending to take action in accordance with the Act on the Nemzeti Adó- és Vámhivatal with a view to continuing the procedure without further disruptions.

Section 103

(1) If, on the basis of information obtained from the statements and records of the taxpayer, his representative, proxy, employee or other identified and reliable source, it is reasonably presumed that the taxpayer is concealing any physical evidence of importance pertaining to tax liability, declaration, invoicing, document storage, recording (bookkeeping) obligations, or is attempting to cover up the true circumstances of his operations, a tax inspector of the state tax and customs authority shall be entitled to search and inspect any site, premises or motor vehicle that may be presumed to be involved in the business operations as well as the cargo of any such vehicle. This provision may be applied in respect of the search of a residential property if any part of the property is used for business activities.

(2) The search warrant shall be issued by the tax authority carrying out the inspection. The search shall be approved by the public prosecutor in advance, unless there is reason to believe that any delay is likely to result in detrimental consequences in terms of the objective of the search. The tax authority shall subsequently notify the competent public prosecutor of any search conducted without the prior approval of the public prosecutor, with the search warrant and a copy of the report made on the search attached. The offices of notaries public, lawyers, tax experts, certified tax experts, tax consultants and those providing bookkeeping services may be searched only in possession of the public prosecutor's prior consent. The search warrant shall contain an indication, where possible, of the articles which are sought for the purpose of use as physical evidence.

(3) Prior to beginning the search, the tax authority shall present the search warrant to the taxpayer, his representative or proxy, or employer, whoever is available, and - if the search is intended to seek out a specific or known physical evidence - demand that the said physical evidence be handed over. If the taxpayer, his representative or proxy, or employer produces the physical evidence as demanded, the search shall not be continued, unless there is reason to believe that the continued search is likely to produce other articles that may also be used as physical evidence.

(4) The tax authority carrying out the inspection shall be entitled, by virtue of a ruling, to seize the objects found in the course of a search and construed as physical evidence, with the exception of perishable foodstuffs and live animals if there is reason to believe that they might be concealed, destroyed or sold thereafter. Cultural goods listed in the certificate specified in the Act on the Special Protection of Borrowed Cultural Goods may not be seized during the period of special protection.

(5) Measures shall be taken for the taxpayer to be present during the search of a vehicle and, where applicable, its cargo and at the scene or premises as well as during any confiscation procedure and the inspection of cargo. If the taxpayer waives his right to be present or is unable to be present and fails to provide for appropriate representation, the tax authority shall carry out the search and/or the confiscation procedure or inspection of cargo in the presence of two official witnesses.

(6) Any instruments, materials or goods may be confiscated as physical evidence if such are not included in the taxpayer's records as prescribed by the relevant legislation.

(7) The tax authority shall file a report on any search, cargo inspection and confiscation procedure. Such report shall contain the details required for the identification of the confiscated objects, the action carried out, the conclusions and findings of the procedure, and the data necessary for the identification of the official witnesses.

(8) The tax authority shall deposit confiscated articles in its safe custody, or if this would entail unreasonably high costs, it shall leave the object in the custody of the taxpayer subject to a prohibition of use and alienation.

(9) The taxpayer or his representative may have access to review the documents confiscated from him; he may request the tax authority to produce copies thereof.

(10) When the reason for confiscation no longer exists, the confiscated articles shall be released and, unless otherwise provided for by law, returned to the person from whom they were seized. Any article that cannot be returned because it is refused by the taxpayer in question shall be sold in accordance with the provisions on the enforcement of tax debts, or destroyed if cannot be sold.

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(11) The taxpayer concerned may lodge a complaint against the rulings and measures adopted under Subsections (1)-(4), with the exception of search warrants conducted with the prior approval of the competent public prosecutor, on the grounds of infringement within eight days of the date on which the measure in question was taken or the ruling was adopted. The superior authority of the tax authority shall judge such complaints within fifteen days of submission. The complaint shall have no suspensive effect on the enforcement of the measure.

**Conclusion of Control Procedures**

*Section 104*

(1) The tax authority shall record its findings in a report. If any of the findings pertains to the employment of workers participating in the company’s activities, the report shall also indicate the identification data of the private individuals concerned. The procedure shall be deemed concluded upon delivery of the report. If the report is to be delivered by mail, it shall be deemed concluded on the day of postage.

(2) If the tax authority files criminal charges, it shall be recorded in a separate report; this report shall not be delivered to the taxpayer in question.

(3) The tax authority shall disclose the findings of the inspection to the taxpayer, or in the case of inspections conducted with a view to gathering information, to the employee or salesperson present. If the tax authority finds no evidence of any wrongdoing, it shall be so stated in a report, a copy of which may be given to the employee or salesperson attending in the case of inspections conducted for the purpose of data gathering. In connection with covert sample purchases - if the tax inspector finds no evidence of any wrongdoing - the tax authority shall not disclose the findings of the inspection to the employee or salesperson present. If the sample purchase is made at a taxpayer providing electronic commercial services or a sale-to-order vendor of goods, the tax authority shall have the report containing the findings of the control procedure delivered to the taxpayer affected in all cases. If an inspection cannot be concluded on account of the taxpayer’s or his representative’s failure to be present at the disclosure of findings or refusal to accept the report, the report shall be delivered by service of process.

(4) When justified by the comments of the taxpayer, the inspection may be continued for another fifteen days from the date on which the comment is delivered or, if made verbally, from the date when recorded (supplementary control). The control may be continued within thirty days from the date when it was concluded, for a period of fifteen days from the date of occurrence of the reason therefor, if the relevant facts of the case have to be clarified before adopting the resolution (supplementary control). The tax authority shall inform the taxpayer without delay concerning the supplementary control, indicating the date of the opening of the supplementary control. The time limit for supplementary control may be extended once in justified cases by up to fifteen days by authorization of the superior authority at the request of the tax authority conducting the control procedure. The findings of supplementary control shall be recorded in a supplementary protocol.

(4a) An inspection may also be conducted as part of an official taxation proceeding if the relevant facts of the case have to be clarified before adopting the resolution. The tax authority shall inform the taxpayer without delay concerning the control procedure, indicating the date of the opening of the control procedure. The time limit for the control procedure is fifteen days from the date of receipt of notice, and it may not be extended. The tax authority shall inform the taxpayer concerning the conclusion of the inspection conducted as part of an official taxation proceeding, with the report attached. The taxpayer may present his views in connection with the report on the inspection conducted as part of an official taxation proceeding within eight days following the date of delivery (service). The duration of the inspection conducted as part of an official taxation proceeding, and the duration between the time of delivery (service) of the report and the time of receipt of the taxpayer’s comments, or in the absence of any comments the eight-day period made available following the date of delivery (service) of the report shall not be included in the time limit prescribed for the official proceeding.

(5) The tax authority shall transfer a case for which it has no competence to the proper authority.

*Section 105*

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In the case of a subsequent, follow-up or oversight inspection and/or an inspection pertaining to the redemption of government guarantee, the tax authority shall issue a resolution concerning its findings, regardless of the results of the inspection. In other cases, an official taxation proceeding shall only be initiated if the tax authority prescribes the performance of some obligation or imposes certain legal consequences.

Section 105/A

Resolutions adopted in connection with the audit of any legal person, unincorporated business association or private entrepreneur, and which are declared final and executable irrespective of any appeal need not be published.

**Subsequent Audit of Tax Returns**

Section 106

(1) The tax authority may check the taxpayer's compliance with his tax assessment and declaration obligations, broken down by tax, subsidy and period, or for a specific period in respect of several types of taxes and subsidies. Any tax undeclared prior to the beginning of the inspection shall be considered outstanding, whether it is payable by or due to the taxpayer.

(2) The tax authority shall be entitled to check the taxpayer’s request for a central subsidy or tax refund pertaining to a specific period that has already been audited before the subsidies are disbursed or the refund is paid, if the inspection included the base and the amount of the central subsidy or tax in question.

(3) If during the inspection carried out before disbursement the tax authority finds that the taxpayer is entitled only to a part of the central subsidies or tax refund requested, the tax authority may decide to disburse such partial sum based on the report pertaining to such partial sum, and shall continue the inspection concerning the amount remaining. No comments shall be accepted regarding the report drawn up containing the partial sum, the taxpayer shall be able to make his views known upon receipt of the report containing the findings of the inspection carried out before disbursement in respect of the full amount to which the request pertains.

Section 107

(1) The tax authority may check a taxpayer's compliance with tax obligations by cross-referencing the available data and the tax return submitted (self-assessment, tax assessment by the employer, tax assessment by the tax authority on the basis of data supplied) (simplified control procedure).

(2) Tax liability may be determined by a simplified control procedure if the information in the tax authority’s possession proves noncompliance with the tax return filing obligation.

(3) If on the basis of an inspection the tax authority concludes that the tax return is in conformity with the relevant legislation, it shall adopt a resolution to that effect. If the data indicated in the tax return differ from the records of data supplied, the tax authority shall call upon the taxpayer concerned to find the reason for the difference.

(4) If the declared base of taxes or central subsidies, the tax exemption, tax allowance, the amount of tax assessed or central subsidies were not claimed in conformity with the provisions of the relevant legislation, the tax authority shall notify the taxpayer regarding the facts stated and the tax difference by delivering the relevant report, to which the taxpayer may respond within fifteen days with the documents in proof of what is contained in the report attached.

**Assessment by Estimation**

Section 108

(1) Assessment by estimation shall constitute a method of verification that plausibly infers the actual base of taxes and central subsidies in accordance with law.
(2) The burden of proof to verify that the conditions for employing assessment by estimation exist lies with the tax authority, and that the data, facts and circumstances underlying the estimation, as well as the methods used in the course of estimation, render the tax base plausible and verisimilar.

(3) Assessment by estimation may be employed:
   a) when establishing the base for property acquisition duties;
   b) if the tax base or the base of a central subsidy cannot be determined;
   c) if - on the basis of the data, facts, or circumstances that are available to the tax authority and, owing to their number or content, considered material - it can be reasonably presumed that the taxpayer’s documents are inappropriate for determining the actual tax base or the base of central subsidies; or
   d) if a private individual has filed a false or incomplete tax return or statement, or failed to file a formal statement;
   e) if the taxpayer is unable to verify that any economic event that was challenged by the tax authority in the course of an audit opened according to Section 91/A of this Act is true and that it did actually take place, or that the costs (expenses) were in fact incurred in the interest of business operations.

(4) For the purposes of Paragraph c) of Subsection (3), repeated failure of the obligation to issue invoices (simplified invoices) or cash receipts within the same tax year, the sale of goods of unverified origin and the employment of non-registered persons, furthermore, significant deviation between the documents and statements that relate to the activities and profit of the taxpayer and the guidelines and standards drawn up by experts on the subject of profitability, labor charges and material requirements shall, in particular, be construed as material facts, data or circumstances. When estimating a tax base, the available facts, circumstances, evidence and statements that are important for determining the tax base shall be taken into account and weighed as a whole.

(5) Given knowledge of a part of the revenue or expenditures, the tax base may be estimated by obtaining accounting documents, data and statements; by inspection, trial production, inventory or by other appropriate methods.

(6) The tax base shall be determined by estimation if it cannot be determined in the manner described in Subsection (5) due to the tax authority’s lacking data, documents and other evidence pertaining to revenue and expenditures for reasons beyond the taxpayer’s control. The purpose of estimation is to determine the tax base within reasonable limits by considering the circumstances of the case, meaning the earnings and incomes of taxpayers engaged in similar activities under similar conditions during the same period or, in the case of private individual taxpayers, the earnings and incomes of those performing similar activities under similar circumstances within the framework of employment.

(7) If a taxpayer fails to notify his taxable gainful activity to the tax authority and the tax base cannot be established as prescribed in Subsection (5), the tax authority shall assess the tax base in accordance with Subsection (6), on the presumption of twelve months of operation.

(8) If a taxpayer employs any unregistered employee, the tax authority shall establish the amount of unpaid taxes and contributions on the prevailing minimum wage times two, for the period(s) previous to the date of the tax authority’s statement on the finding of unregistered employment, or on the presumption of at least three months employment. If the tax authority finds within the term of limitation the same taxpayer at fault of employing any unregistered employee repeatedly, the amount of unpaid taxes and contributions shall be determined for the period between the time of the opening of the previous inspection and the time of the opening of the inspection pending, factored by the average number of unregistered employees employed as found by the inspections, calculated at least on the prevailing minimum wage times two, by presumption.

(9) The taxpayer may verify any deviation from the tax base or central subsidies established by estimation by producing credible and reliable evidence. If the taxpayer produces contractual relations or other transactions involving other taxpayers as evidence, the tax authority shall forthwith order the opening of related inspections at the other taxpayer implicated - if the taxpayer’s statement is not supported by his own tax return, or the tax return of the other taxpayer in question, nor by any previous inspection of the taxpayer, and if this Act does not contain any provision elsewhere to preclude the inspection - and shall employ the method of assessment by estimation in the related inspection if the applicable conditions are satisfied.

Section 109

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(1) If, according to the findings of the tax authority, the total amount of the taxpayer’s tax-exempt and declared income, and any non-declarable income received is not consistent with the taxpayer’s enrichment or lifestyle, the tax authority shall determine the tax base of such person by estimation. In this case - taking also into consideration known and taxed income - the tax authority shall estimate the amount of income that would have been necessary for the private individual to afford such enrichment and lifestyle.

(2) The tax authority shall add the tax base, determined as prescribed in Subsection (1), to the aggregate income for the year for which the concealment of income had been established. If the source of enrichment was undeclared income earned during more than one year, the tax authority shall equally divide the income among the years affected and shall establish the taxes by the rates prescribed by the tax regulations in effect for the year to which such aggregate income pertains.

(3) The taxpayer may verify any deviations from the tax base established by estimation by producing credible and reliable evidence. If according to the taxpayer the source of his enrichment originates from before the expiration of the term of limitation of the right to tax assessment, the source of enrichment and the acquisition itself and its time may be verified based upon authentic records, final resolution of a court of law or another authority, or on any other authentic instruments made out before the expiration of the term of limitation of the right to tax assessment, and on the taxpayer’s tax returns which are not affected by any final decision of a court of law or a resolution of another authority, payment account statements and securities accounts statements; the tax authority may conduct an inspection concerning any periods from before the expiration of the term of limitation of the right to tax assessment with respect to these data only. Other aspects of these proceedings shall be governed by the provisions of this Chapter.

(4) In the application of Subsection (3) of this Section:
   a) the concept ‘authentic records’ shall cover the real estate register, the land tenure register, the lien register, the register of motor vehicles, register of vessels and watercraft, register of aircraft, the register of companies, other records deemed authentic by Hungarian law, and the records deemed authentic by the law of the country where established;
   b) ‘acquisition’ means the acquisition of the right of disposition and/or use and/or utilization and/or possession of the source of enrichment, or any credit made to the payment account, or securities account.

Section 110

Where assessment by estimation is employed to determine the amount of value added tax, the state tax authority shall, in the absence of accounting documents, determine:
   a) the amount of tax payable on the basis of the actual selling price,
   b) the amount of tax deductible on the basis of the actual purchase price,
   or, in the absence of such, of the price calculated according to the market value or pricing regulations or on the basis of the customary market price and the applicable tax rate. The tax authority shall determine the amount of deductible tax by estimation if the lack of documents is attributable to natural disaster or to unavoidable reasons beyond the taxpayer's control.

Procedural Fees

Section 111

The court and the competent authority shall check the documents that were submitted to or received by such court or authority to determine whether the duties and fees prescribed by the Duties Act have been paid.

Section 112

(1) The state tax authority shall conduct regular inspections concerning the fulfillment of the duty obligations prescribed in the relevant legislation on duties as well as the payment of fees payable by duty stamps or by cash to the revenue account of persons that are engaged in transactions subject to duty or fee payment obligations.

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(2) The competent authority shall investigate whether the duty or fee has been duly paid in respect of the documents submitted to or received by such authority, independently of the control activities of the state tax authority.

Section 113

(1) If no duty has been paid or it was not paid in due time or in the proper manner or amount, or if property acquisition has not been reported for dutiable purposes, a protocol shall be drafted.
(2) A protocol shall also be drafted if a default in connection with the duty (fee) has been established in the course of financial control.
(3) No protocol may be drafted if property acquisition for dutiable purposes was reported to the real estate supervisory authority or the state tax authority after the deadline.

Section 114

(1) A protocol shall be prepared on the prescribed form. If a duty payment notice has been issued, this fact shall also be indicated.
(2) If a protocol pertains to property acquisition subject to a percentage duty or a procedural action, the copy of the document shall also be entered in the form or the copy of the document shall be attached to the form.
(3) The completion of a protocol shall be indicated on the document for which it was issued.
(4) The protocol shall be sent to the state tax authority along with any addenda for dutiable purposes.

Re-audit

Section 115

(1) Tax and central subsidies pertaining to an audited period may be re-audited:
   a) if the tax authority of the first instance intends to inspect the findings of the previous audit (follow-up audit);
   b) at the request of the taxpayer if there is new evidence with any potential to alter the findings of the previous audit, provided that such new facts or evidence did not previously arise, nor have such new facts or evidence could not have been at the taxpayer’s disposal if acting in good faith, and it was not known and could not have been known to the taxpayer if acting in good faith;
   c) if the re-audit is likely to result in eligibility for benefits relying on the data and information in the tax authority’s possession;
   d) as part of an oversight inspection.
(2) Under Paragraph b) of Subsection (1) a re-audit may be ordered by the tax authority of the first instance or by the tax authority of the second instance if the previous resolution was reviewed by a superior authority. The tax authority shall order the re-examination by way of a ruling.
(3) The re-audit referred to in Paragraphs a)-c) of Subsection (1) shall be carried out by the tax authority of the first instance.
(4) No re-audit may be conducted if the tax authority’s resolution adopted under the previous procedure has been reviewed by a court.

Oversight Inspection

Section 116

(1) Within the term of limitation of the right of tax assessment, the tax authority may re-examine an audited period, and may reopen the examination of an application for the redemption of government guarantees under the conditions prescribed in this Act, if:

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a) ordered by the minister in charge of taxation or the chairman of the Állami Számvevőszék (State Audit Office) - or by resolution of the council of a municipal government with respect to local taxes - and if the same period has already been audited by the tax authority of the first instance;

b) ordered by the head of the state tax and customs authority, where the superior tax authority is to check the previous procedure from a legal and professional standpoint;

c) any new fact, information, and/or evidence that is likely to have an influence on tax assessment - that was not previously available - is subsequently introduced to the tax authority, and the head of the state tax and customs authority orders a re-examination. New fact or circumstance means any new fact or data that is likely to have an impact on tax assessment, received from a foreign tax authority after one year, provided that the tax authority concluded the control procedure in the absence of the foreign tax authority’s reply;

d) in connection with the redemption of government guarantees, in the event of any new facts and circumstance emerging since the last inspection, on the strength of which the head of the state tax and customs authority orders the new investigation.

(2) The oversight inspection referred to in Subsection (1) above may only be conducted by a tax inspector of the superior tax authority or, with respect to local taxes, by a committee appointed by the council of the municipal government concerned.

(3) The re-audit referred to in Paragraphs c)-d) of Subsection (1) may not be launched more than six months after the occurrence of the circumstances for which it was ordered.

(4) If the superior tax authority or the committee appointed by the municipal government conducting an oversight inspection reveals any deviation from the facts, classification, circumstances and data resolved by the previous audit and such deviation concerns the tax payment liability, the tax authority conducting the oversight inspection or the committee appointed by the council of the municipal government shall overrule the previous resolution or, in the absence of such, pass a resolution in the first instance.

(5) An appeal, addressed to the head of the state tax and customs authority or the competent government agency may be lodged against the findings of an oversight inspection at the body conducting the oversight inspection, or it may be submitted to the chairman of the committee appointed by the council of the municipal government.

(6) The decision of the director of the state tax and customs authority or the decision of the government agency may be contested in court on the grounds of an infringement of the law.

Inspection in Connection with the Redemption of Government Guarantee

Section 117

(1) The tax authority shall examine applications for the redemption of government guarantees (surety facilities) for compliance with the criteria prescribed by the relevant legislation.

(2) Where the tax authority is auditing the person (credit institution) drawing against the guarantee or surety, the original beneficiary may, when necessary, be included in the audit.

(3) If the conduct of a credit institution fails to conform to requirements, the tax authority shall reject its application for the redemption of government guarantees.

(4) The state tax authority shall examine the aforesaid applications in accordance with the provisions of this Chapter, with the exception that the day when the application is lodged shall be construed as the date of opening of the audit. No letter of authorization shall be issued in these proceedings, and a report shall be drawn up only if the tax authority refuses the application. If the tax authority satisfies the application in full, the resolution may not be appealed.

Monitoring Compliance with Tax Obligations

Section 118
(1) The tax authority shall monitor compliance with tax obligations, first and foremost by inspecting the documents that can be found at the taxpayer, to determine whether the obligations are discharged in due time and in a manner suitable for the assessment, declaration and payment of taxes.

(2) The monitoring referred to in Subsection (1) is primarily aimed to check compliance with the provisions pertaining to declarations, tax returns, data disclosure, records, invoicing, filing, bookkeeping, and the deduction and collection of taxes and tax advances.

(3) Where there is any nonconformity or discrepancy, the tax authority shall order the person affected to make the necessary corrections within the prescribed time limit in its resolution disclosing the findings of the inspection.

(4) In the closing statement, the tax authority may impose a default penalty when applicable.

(5) Based on the findings of the inspection of tax obligations, the tax authority may order a follow-up audit of the tax return to which the inspection pertains.

Data Gathering

Section 119

(1) The tax authority shall have powers to gather data and information and conduct on-site inspections to verify the authenticity of the data, facts and information contained in its own and in the taxpayer’s records and in the taxpayer’s tax return before the closing of the tax period to which they pertain. Data gathering and on-site inspections may be carried out in the interest of creation, expansion and updating of the estimation database as well.

(2) In the application of Subsection (1), the tax authority shall check:
   a) compliance with the obligation to issue invoices and cash receipts by way of sample purchases, covert or otherwise;
   b) stocks of merchandise, the origin and records of materials and semi-finished goods by way of taking inventory;
   c) the general circumstances of business operations by drawing up a report on customers, prevailing turnover trends, tangible assets used for operations and the persons participating in such business operations;
   d) the employment relations of persons participating in business operations and compliance with the obligation of registration of such persons as prescribed in social security regulations;
   e) the statistical number of the taxpayer’s employees on which tax assessment is based;
   f) the authenticity of notified facts, data and circumstances.

(3) If, on the basis of the facts, data and circumstances supported by the data gathered, there is reasonable doubt concerning the authenticity of the data and information contained in the taxpayer’s documents and records, or if they are refuted thereupon, or if the tax authority’s findings reveal any repeat offense concerning the obligation to issue cash receipts, or the use or sale of goods, materials and semi-finished goods of unverified origin, or the employment of non-registered persons; the tax authority shall re-examine the tax return already audited.

(4) The tax inspector of the state tax authority holding a general letter of authorization shall have powers to conduct on-site inspections for gathering data with the assistance of a person holding a degree in secondary education or higher, if able to satisfy the employment criteria for government officials as laid down in the Act on Public Service Officials and if having entered into a fixed-term contract with the tax authority (hereinafter referred to as “assistant tax inspector”). The rules governing conflict of interest and exclusion of tax inspectors shall also apply to assistant tax inspectors.

(5) The assistant tax inspector shall be entitled to enter, together with the tax inspector, any room that is necessary for inspecting business, manufacturing and other taxable operations, and any premises used for the storage of materials and semi-finished goods and stocks of merchandise.

(6) Procedures for Verifying the Authenticity of Economic Events

Section 119/A.

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(1) The tax authority shall have powers to inspect taxpayers and private individuals not treated as taxpayers with a view to verifying the authenticity of economic events contracted for the assessment and control of the tax liability, the tax base, tax allowances, the tax amount or central subsidies of another taxpayer who was or is a party to a contractual relationship with such taxpayers and private individuals.

(2) The tax authority shall carry out the procedure referred to in Subsection (1) also if the state tax authority investigates the authenticity of economic events so as to determine the sum involved in an alleged criminal offense on the basis of the information and evidence gathered by the investigating arm of the NAV.

(3) An investigation concerning the authenticity of economic events shall cover the data, facts, circumstances, documents and records connected to the economic events in question, such as the circumstances surrounding sales and purchase transactions, the personnel and infringement conditions of the economic events, and the genuineness of the documents intended to verify that the economic events did in fact take place.

(4) The tax authority shall provide a copy of the report on the investigation under Subsection (2) to the investigating arm of the NAV, having supplied the information and evidence on which the state tax authority’s investigation is based.

(5) Based on the findings of the investigation concerning the authenticity of economic events the tax authority may order the subsequent audit of the tax returns of taxpayers involved, including private individuals not treated as taxpayers, as well.

(6) An investigation concerning the authenticity of economic events may be conducted, furthermore, if subsequent audit of the tax returns of taxpayers involved, including private individuals not treated as taxpayers, is pending covering the periods investigated.

(7) The tax authority shall be entitled to use the information obtained by the investigation when auditing another taxpayer, including private individuals not treated as taxpayers, who was or is a party to a contractual relationship with the taxpayer.

(8) Based on the findings of the investigation, the tax authority may order the taxpayer to make the necessary corrections and arrangements and resolve any discrepancies within the prescribed deadline to bring his documents, records and tax returns into compliance with the relevant legislation. In the event of the taxpayer’s failure to comply in due time, the tax authority shall impose the default penalty under Subsection (20b) of Section 172.

OFFICIAL PROCEEDINGS

Section 120

(1) An official proceeding shall, in particular, be instituted for the following reasons:
   a) to determine the tax base, the tax (tax advances), tax exemption, tax allowances, and tax liability;
   b) to examine eligibility for central subsidies, evaluation of requests for tax refund, disbursement of central subsidies;
   c) to establish any infringement revealed by an audit and the legal consequences;
   d) granting permission to depart from a payment obligation prescribed by law.

(2) Official proceedings shall be launched ex officio or upon a taxpayer’s request, report or declaration.

(3) An official proceeding is launched upon request pertaining to:
   a) books and records (including the issue of VPID codes);
   b) authorization of deferred payment or payment by installment;
   c) tax abatement;
   d) special cases of tax assessment;
   e) provisional tax assessment.

(4) An official proceeding is launched ex officio pertaining to:
   a) books and records (including the issue of VPID codes);
   b) tax assessed by the tax authority on the basis of data supplied by the taxpayer or notification or declaration (levying, imposition of duty);
   c) adoption of a resolution containing the findings of an audit.

(5) Suspension of any official proceeding that has been launched ex officio shall not be effected at the taxpayer’s request.

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(6) Non-payment of administrative service charges shall not exclude the conduct of the administrative proceedings.
(7) The tax authority’s failure to adopt a resolution in an official proceeding within the prescribed time limit shall not invoke an entitlement upon the taxpayer to exercise the requested right.
(8) In tax matters the provisions of the Act on the General Rules of Administrative Proceedings and Services pertaining to requests shall apply subject to the exception that:
   a) the taxpayer may not be requested to verify any data - apart from those required for establishing his identity - that must be available in the records of any authority, court or the Magyar Országos Közjegyzői Kamara (Hungarian Association of Notaries Public) maintained by virtue of law, or if the tax authority has direct access to such records so as to obtain them, where such data disclosures shall be free of charge,
   b) the taxpayer - unless otherwise provided for by the relevant legislation - shall not have the option to request the tax authority to contact another body with a data disclosure request other than those mentioned in Paragraph a).

Section 121

Where an audit was conducted before an official proceeding, the tax authority shall proceed on the basis of the findings of the audit or gather evidence that may be necessary for the audit in order to substantiate the case.

Section 122

Where it is necessary to interview a person in connection with an official proceeding, the interview shall be conducted at the official premises located closest to the taxpayer’s registered address, place of business or residence, or in the tax authority’s main offices. This provision shall also apply in control procedures.

Section 123

The tax authority shall close out tax matters by way of resolution, and shall decide other issues during the process by ruling. The merits of a tax matter shall include all decisions concerning the rights and obligations of the taxpayer or the person liable for the tax payable. If the official taxation proceeding pertains to books and records - including requests for subsidies and for transfer between accounts - the tax authority shall adopt a resolution only for rejection of the taxpayer’s request, unless this Act provides otherwise. A payment warrant shall also function as a resolution.

Section 124

(1) A tax authority document dispatched to the address of the taxpayer or his representative notified to the tax authority, or to the address of the agent for service of process of foreign nationals having no place of residence in Hungary shall be considered delivered:
   a) on the day of attempted delivery - save where Paragraph b) applies - if the consignment is returned to the tax authority marked “undeliverable”, or
   b) on the fifth working day following the second attempt of delivery, if the postal service has returned the official tax document to the tax authority marked “unclaimed” in accordance with the regulations applicable thereto.
   (1a) With the exception set out in Subsection (9), the tax authority is not required to notify the taxpayer concerning the presumption of service.
   (2) Furthermore, a tax authority document shall be considered served on the day of attempted delivery by service or process if the taxpayer or the taxpayer’s authorized representative refused to accept it.
   (3)
   (4) Where, as prescribed by law, a payment obligation pertains to several taxpayers, the tax authority shall deliver its resolution on the assessment of tax to the common representative of such taxpayers or, in the absence of such, to each taxpayer separately.
   (5) In connection with taxes the provisions of the Act on the Service of Official Documents by Electronic Means and on the Acknowledgement of Receipt by Electronic Means shall apply subject to the exception that tax authority

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documents delivered by way of electronic means shall be considered served on the working day following the fifth day when the document was redeposited into the dedicated hosting service.

(6) If a taxpayer has more than one authorized representatives, the tax authority shall have the documents delivered to the person the taxpayer has designated in writing to receive the document on his behalf, or in the absence of such designation, the tax authority shall deliver documents to the authorized representative the taxpayer has indicated.

(7) In addition to the authorized representative, tax authority documents may be delivered to the taxpayer on whose behalf the authorized representative is acting. In this case the document shall be dispatched to the taxpayer and the authorized representative on the same day. If the document is considered delivered to the taxpayer and the authorized representative both, the legal ramifications of delivery shall take effect at the time of first delivery.

(8) After the date of presumption of service under Subsection (1), except where presumption of service applies in consequence of refusal to accept the consignment, the state tax authority shall - upon gaining knowledge of the presumption of service - publish on its website for a period of fifteen days the taxpayer’s tax identification code if a natural person, or the tax number of other taxpayers, the reference number of the official tax document affected by the presumption of service, the date when published on its website and the phone number where the taxpayer may receive information on collecting the official tax document. Within fifteen days following publication on the state tax authority’s website, the taxpayer may submit a petition to challenge a presumption of service even if the time limit for submission of a petition to challenge a presumption of service has already expired, or if less than fifteen days remaining from such time limit.

(9) At the time of publication on the website, the state tax authority shall notify as regards the information published according to Subsection (8):
   a) the taxpayers having access to the central electronic services network (customer port of entry),
   b) if the taxpayer is a legal person or unincorporated business association, the representative authorized according the relevant regulations, if having a customer port of entry,
   c) the taxpayer’s agent in charge of the case affected by the presumption of service, if having a customer port of entry.

Section 124/A

(1) A taxpayer other than a private individual may file a petition to challenge a presumption of service if the process has been served in violation of the statutory provisions on the service of official documents. A taxable private individual or any other person involved in the proceedings may file a petition to challenge a presumption of service if he was unable to accept the official document through no fault of his own. This provision shall also apply if delivery takes place by way of electronic means.

(2) A taxpayer or any other person involved in the proceedings may file a petition to challenge a presumption of service within fifteen days from the date of service, or within six months from the date of service beyond which no further appeal may be lodged. If the taxpayer gains knowledge of his liability that has become enforceable in consequence of the presumption of service from the payment order dispatched by the tax authority prior to the opening of the enforcement procedure, a petition to challenge the presumption of service may be filed within fifteen days from the time of receipt of the payment order or the time of learning of the enforcement procedure, irrespective of the six-month period running from the date of service. No petition may be filed to challenge a presumption of service in judicial enforcement proceedings, with the exception of rulings ordering withholding, the resolutions adopted under Section 153, the resolutions issued to auction buyers requesting payment of the purchase price differential, and rulings concerning the costs of enforcement procedures.

(3) The petition shall contain evidence to demonstrate the alleged infringement in the service of process or to demonstrate that the taxpayer is not at fault.

(4) The petition shall be lodged with the tax authority from which the document presumed served originates, and it shall be adjudged by way of a ruling. A petition submitted beyond the proper deadline shall not be accepted.

(5) The petition shall have no effect in terms of carrying out the proceedings or the enforcement procedure. The tax authority may, upon request or ex officio, suspend the procedure for enforcement until final judgment if the evidence produced in the petition is likely to be sufficient.

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(6) If the tax authority approves the petition, the measures taken following the service contested by the taxpayer or the proceedings have to be repeated to the extent necessary from the date of the presumption of service.

Section 124/B

The tax authority shall adopt a resolution concerning the self-audit of a taxpayer within fifteen days from the date of submission without conducting an inquiry if the sole reason for presenting the self-audit is claiming that the relevant legislation prescribing the tax liability in question is contrary to the Fundamental Law or any binding legislation of the European Union to any binding legislation of the European Union, or a municipal decree is contrary to another legislation, provided that the decision of the Constitutional Court, the Curia or the Court of Justice of the European Communities adopted on the subject was not promulgated at the time the self-audit was submitted or the self-audit fails to comply with what is contained in the published decision. The resolution adopted in connection with the self-audit may be appealed according to the general provisions of this Act and shall be subject to judicial review.

Section 124/C

(1) If the Constitutional Court, the Curia or the Court of Justice of the European Union finds a legislation prescribing any tax liability unconstitutional, a municipal decree unlawful, or infringing upon any binding legislation of the European Union with retroactive effect to the time of promulgation of the decision and, in consequence, the taxpayer becomes eligible for a tax refund, the tax authority of the first instance shall pay the refund upon the taxpayer’s request in accordance with the provisions of this Section, subject to the exceptions set out in the decision.

(2) The taxpayer affected may submit the application in writing to the tax authority within 180 days of the date of publication or delivery of the relevant decision of the Constitutional Court, the Curia or the Court of Justice of the European Union. No petition for continuation shall be accepted upon the taxpayer's failure to meet the above deadline. The tax authority shall refuse the application by way of a resolution if the decision was published or delivered following the expiration of the term of limitation of the right to tax assessment.

(3) The application, in addition to the information the tax authority requires for the identification of the taxpayer, shall indicate the amount of tax paid before the submission of the application, to which the refund pertains, and the enforcement order underlying the said payment of tax, reference to the relevant decision of the Constitutional Court, the Curia or the Court of Justice of the European Union, and a statement declaring that:

a) the taxpayer did not charge the tax amount to which the refund pertains to others before the submission of the application;

b) the tax was not refunded before the submission of the application to the taxpayer or anybody else by virtue of official or court proceedings, and that such proceedings are not pending at the time of submission of the application, or the taxpayer is able to verify to the tax authority the termination of such proceedings within ninety days of the time of submission of the application.

(4) On the strength of the taxpayer’s statement, the tax authority shall suspend the refund procedure pending receipt of proof of the termination of the proceedings referred to in Paragraph b) of Subsection (3), or for maximum ninety days, by way of a ruling. If the taxpayer is unable to verify termination of the proceedings during the period of suspension, and fails to request a deadline extension, the tax authority shall adopt a ruling to terminate the refund procedure. In the event of non-compliance with any other conditions set out in Paragraphs a) and b) of Subsection (3), the tax authority shall dismiss the application by a formal resolution. In connection with what is contained in the enforcement order, the tax authority shall not carry out any acts of enforcement between the time of submission of the application and the binding conclusion of the proceedings, or in connection with a resolution for ordering the refund, following the operative date of such resolution, until the resolution is annulled or abolished by final decision.

(5) The tax authority shall rely on the facts contained in the enforcement order based on which the tax refund was paid up, or gather evidence that may be necessary for the audit in order to substantiate the case, with the exception that evidence relating to the shifting of tax may be gathered in connection with any person who is considered a probable subject of having charged the tax to which the refund pertains.

(6) If the refund application of the taxpayer is found substantiated, the tax authority shall remit payment of the refund with interest equivalent to the central bank base rate from the day of payment of the tax until the operative date of the resolution ordering the refund. The amount of refund shall become due on the operative date of the enforcement order.

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resolution ordering the payment of refund, and shall be transferred within thirty days of the said due date. The refunds governed in this Section - with the exception set out in Subsection (6) of Section 37 - shall be subject to the provisions pertaining to the disbursement of central subsidies.

Section 124/D

(1) In connection with exercising the right to claiming any refund of deductible value added tax, the provisions of Section 124/C shall apply subject to the exceptions set out in this Section.

(2) The taxpayer shall claim the right of deduction referred to in Subsection (1) by way of self-audit of the declaration(s) filed for the tax period(s) covering the time of commencement of the right of deduction within 180 days of the date of publication or delivery of the relevant decision of the Constitutional Court or the Court of Justice of the European Union. No application for continuation shall be accepted upon the taxpayer's failure to meet the above-specified deadline.

(3) If the taxpayer becomes eligible for a tax refund upon the correction of his declaration by way of self-audit for showing a reduction in the amount of tax payable or - in consequence of VAT liability of the taxable person turns out negative according to the relevant provisions of the VAT Act in effect at the time of origin of the right of deduction - an increase in the amount of value added tax refundable, the tax authority shall pay interest at the central bank base rate on the amount of tax refundable from the due date of payment obligations as specified in the self-audited declaration(s), or from the time of eligibility for refund - or from the time of payment of the tax, whichever is later - until the day of submission of the self-audit. The refund shall be subject to the provisions pertaining to the disbursement of central subsidies and shall be due and payable within thirty days from the time of submission of the self-audit.

(4) The self-audit submitted according to Subsection (2) shall be treated in respect of the audited period to which it pertains as an application for re-audit under Paragraph b) of Subsection (1) of Section 115.

(5) Having the tax amount charged to others under Paragraph a) of Subsection (3) of Section 124/C shall also include where the taxpayer has received the subsidy - in accordance with the prohibition of deduction - covering the value added tax as well, or if received additional government subsidies for financing the non-deductible value added tax.

(6) The tax deducted according to Subsection (2) shall be shown as revenues for the period in question as of the day of submission of the declaration of self-audit, and in respect of the interest paid according to Subsection (3) as of the time when credited to the taxpayer's bank account. Companies and other organizations using double-entry bookkeeping under Act C of 2000 on Accounting shall have the option to enter the amount of tax claimed as other income for the relevant tax period under accrued and deferred assets (up to the amount of the book value of the assets concerned). Such amount shall be terminated from the deferred income account when the original cost of the asset, or the commensurate portion of such cost is claimed under expenses.

Official Assessment of Taxes on the Basis of Disclosure or Declaration

Section 125

(1) The following shall be assessed by the customs authority by way of a resolution (taxation by levy):

a) tax in connection with the importation of goods, with the exception of value added tax;

b) value added tax on imported goods in the case of any person who is not liable for payment of value added tax under the Act on Value Added Tax, taxpayers claiming individual tax exemption, taxpayers engaged exclusively in activities in the public interest or in activities exempted under special arrangements, taxpayers engaged in agricultural activities under special legal status, persons liable for payment of value added tax without the customs authority’s authorization, and taxpayers taxed under the simplified entrepreneurial taxation system;

c) registration fees;

d) value added tax in connection with the acquisition of a passenger car or motorcycle that is subject to motor vehicle registration duty which are treated as new means of transport in any Member State of the European Communities if the buyer is a private individual or organization who (that) is not liable for payment of value added tax, a taxable legal person that is not liable for payment of value added tax, a taxpayer engaged exclusively in

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activities without entitlement to tax deduction, a taxpayer claiming individual tax exemption or engaged in agricultural activities under special legal status, or a taxpayer taxed under the simplified entrepreneurial taxation system.

(2) The tax authority shall assess the local tax, with the exception of local business taxes and tourism taxes to be collected directly, as well as the taxes payable to municipal governments pursuant to other acts with the exception of personal income taxes from the leasing and rental of arable land (taxation by levy).

(3) Property acquisition duties and the procedural duties levied according to the Duties Act shall be established by the state tax authority (taxation by assessment). The time limit for adopting a resolution in connection with proceedings for the levying of property acquisition duties is sixty days.

(4) Taxes are levied and imposed on the basis of the taxpayer's tax return, declaration, disclosure and supply of data.

(5) The tax authority shall adopt its resolution on the amount of tax payable, the method and time of payment and, if so prescribed by law, on the tax base, tax exemption or tax allowances on the basis of the information supplied in the tax return (disclosure).

(6) In respect of incomplete, false and erroneous tax returns (disclosures), the tax authority shall order the taxpayer concerned to make the necessary corrections within a deadline of maximum fifteen days.

(7) If the above-specified corrections are not made within the deadline specified or if they are otherwise required for reasons of clarification, the tax authority shall suspend the tax assessment procedure, simultaneously notify the taxpayer thereof, and shall conduct an inspection in order to clarify the facts.

Section 126

(1) If a tax is based upon market value and it is not indicated or disclosed, or if the tax authority finds the indicated or disclosed market value to be incorrect, the tax authority shall proceed to determine the market value by on-site assessment, by applying comparative value and, in possession of the taxpayer's declaration, by estimation (with the involvement of an independent expert if necessary).

(2) For the purpose of establishing market value, the tax authority shall take into account the following values of comparison, along with other determinant factors:
   a) in the case of acquisition of real estate property, the determinant factors covering at least a two-year period of real estate transactions in the community in question or a smaller isolated unit of a large community or a region of any unincorporated area that is considered contiguous for economic reasons; in particular such factors are the figures of real estate transactions showing increasing or decreasing trends or the absolute lack of sales of real estate properties, the details of value of the community or region differing from the aforementioned, and the figures of the sale of a real estate property within the nearest proximity in space and time to the real estate property being the subject of tax liability that can be taken into account for establishing the market value. Real estate properties of the same designated purpose shall be recognized for comparison. If there is no similar real estate property for comparison in the community, real estate transaction figures from similar communities in the region may be used for establishing the market value;
   b) in the case of acquisition of movable tangible property, the commercial or market price of movable tangible assets of the same designated purpose.

Section 127

(1) When a resolution is issued on the basis of the information supplied in the tax return (disclosure), a follow-up audit may be conducted within the term of limitation of the right of tax assessment. The tax authority may pass a resolution on establishing a tax difference if its findings differ from the data and information contained in the tax return (disclosure).

(2) When any tax exemption or tax allowance is granted for a specific term in violation of the law, the tax authority shall stipulate the legitimate tax liability for future purposes in a new resolution.

(3) In the event of the cessation of the conditions pertaining to conditional tax exemptions or tax allowances, the relevant taxes shall be payable as of the original due date.

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Section 127/A.

If the taxpayer submits an application for duty allowance or duty exemption specified in the Duties Act after the delivery of the resolution on the duty, but before it becomes enforceable, the resolution shall not enter into force with respect to any application submitted for the first time and shall not be treated as an instrument permitting enforcement. As to whether duty allowance or duty exemption applies shall be determined by the state tax authority in the duty procedure, by supplementing the existing resolution of the first instance. The supplemented resolution of the first instance shall be effective on the operative date of the supplementing resolution.

Posteriori Tax Assessment

Section 128

(1) The tax authority shall retrospectively establish any tax difference revealed by an audit. The tax authority may be compelled by law to assess taxes in other cases as well. The deadline for adopting a resolution in connection with posteriori tax assessment is sixty days; the initial date of such procedure shall be the day when the relevant report or supplementary protocol is handed over or delivered.

(2) No tax shall be assessed retrospectively if the amount of tax or central subsidy need not be corrected by way of self-audit.

Section 128/A

(1) In connection with dissolution proceedings, no comments shall be accepted regarding the report drawn up containing the findings of the tax authority’s audit of the dissolved company’s final tax return and the tax return prepared by the receiver, and the declaration(s) filed for the period covering the duration between the two tax returns, and of the inspection of the period immediately preceding the period for which the final tax return for closing out the activities were filed.

(2) The deadline for adopting a resolution based upon the report specified in Subsection (1) is thirty days.

(3) The resolution described in Subsection (2) may be appealed within eight days following the date of delivery of the resolution. The deadline for lodging the appeal is five days.

(4) The time limit for adopting a decision in connection with the appeal referred to in Subsection (3) is fifteen days.

(5) If the competent court of registry notifies the state tax authority on the receipt of an application from a nonresident company for the termination of its Hungarian branch, or in the course of its judicial oversight proceedings of the opening of winding up proceedings in respect of any company, or that no liquidation or dissolution proceedings may be applied regarding the company form in question, the state tax and customs authority shall forthwith inform the court of registry of any taxation proceedings that may be in progress involving the taxpayer in question, and as to whether it plans to conduct an audit or to open enforcement proceedings based on the aforesaid notification. If the state tax and customs authority proceeds to audit the taxpayer upon receipt of the court of registry’s notification, it shall be conducted according to the rules of inspection in dissolution proceedings, and shall be concluded within sixty days of the time of notice. In this case the provisions of this Section shall apply to such regulatory proceedings, however, the case may not be reopened. The provisions of this Subsection shall also apply to the ex officio dissolution of civil society organizations and to the termination of their taxable activities.

(6) The state tax authority shall forthwith inform the court of registry by way of electronic means concerning the final and binding conclusion of any proceedings of the tax authority conducted according to this Section against the taxpayer in question, and in the case of dissolution proceedings, of any outstanding public dues the taxpayer may have according to the records of the state tax and customs authority.

(7) If the company undergoing dissolution decides to terminate the dissolution proceedings and to continue operations, the general rules of procedure shall apply following the announcement of the decision, provided that the report containing the findings of the inspection has not yet been delivered.

Section 129

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(1) Under posteriori tax assessment, the tax authority shall issue a resolution:
   a) for establishing the base and amount of the tax or central subsidy, declared or undeclared and revealed as a
difference by the audit separately for each type of tax and subsidy and for each tax period, and for establishing the
legal consequences of any infringement of tax obligations;
   b) order the taxpayer to pay the outstanding amount of taxes as determined, along with the legal consequences,
where any overpayment on the taxpayer's account for a specific type of tax may be taken into consideration;
   c) d) for ordering the elimination of discrepancies in the accounting or records system found by the audit within the
prescribed deadline, as well as any irregularities that may have an impact on the control of taxable activities.
(2) Where a taxpayer who is required to file a declaration on tax applicable to certain big ticket items:
   a) declared the value of the residential property within a 10 per cent margin of error relative to the market value
established by the tax authority, or
   b) failed to comply with the obligation of declaration and the difference between the market value established by
the tax authority and the amount limit for tax exemption specified by the Act on Tax Charged on Certain Assets of
High Value is less than 10 per cent,
the tax authority shall not impose any sanction - apart from establishing the tax arrears - connected to the tax on the
residential property. If the margin of error is higher than 10 per cent, the legal consequences pertaining to tax arrears
shall be established according to the relevant general provisions.
(3) Where a taxpayer who is required to file a declaration on tax applicable to certain big ticket items fails to
satisfy the obligation of declaration in connection with a residential property with an adjusted value of up to 30
million forints where the exemption under Paragraph a) of Subsection (1) of Section 14 of Act LXXVIII of 2009 on
Tax Charged on Certain Assets of High Value applies, or up to 15 million forints where the exemption under
Paragraph b) of Subsection (1) of Section 14 of Act LXXVIII of 2009 on Tax Charged on Certain Assets of High
Value applies, a default penalty shall be imposed.
(4) If a taxpayer other than a private individual fails to make his opinion know within the time limit prescribed by
this Act upon being notified of the contents of and upon receipt of the report of an audit, it is sufficient to refer to the
relevant paragraphs of such report in the explanation of the resolution. This provision shall not apply if the tax base
or the base of central subsidy is established by the tax authority by estimation.

Section 130

In the process of inspection of the parties to a relationship (contract, transaction) that creates any tax liability, the
tax authority shall treat any particular relationship the same with respect to each taxpayer and must automatically
apply its findings made at one of the parties in connection with the inspection of the other party.

Special Cases of Tax Assessment

Section 131

(1) If tax liability terminates due to the taxpayer’s death, the tax authority shall establish the tax by way of a
resolution.
(2) The tax authority may assess the tax during the course of the year upon the request of the heir or the spouse of
the taxpayer living in the same household at the time of death, if the applicant furnishes the documents necessary for
the assessment of tax.
(3) In the event of a taxpayer’s death the tax authority shall adopt a special resolution and send it to the heir, upon
obtaining knowledge of his person, requesting payment for the deceased taxpayer’s outstanding debt in the percentage
of his hereditary share, and shall provide for the transfer of any state subsidy or tax refund that was due to the
deceased taxpayer to the heir subject to the same percentage. The above-specified debt, and the central subsidy and
tax refund shall be due and payable within thirty days from the operative date of the special resolution. The tax
authority shall have the right to withhold any sum that is due to the heir to the extent necessary to cover any liability
of the heir.

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wording of the regulations being entirely effective from time to time.
(4) The tax authority shall also assess the tax by resolution during the course of the year if it is requested by a taxpayer who intends to emigrate from the country, provided that such taxpayer presents his immigration visa issued by a foreign country to the tax authority and furnishes the certificate necessary for tax assessment.

(5) The tax authority shall establish the taxes of a taxpayer with no domestic residence, place of abode, headquarters or business location by resolution on the basis of the declaration made by the taxpayer if the taxpayer leaves the country before the end of the tax year with the intention of not returning during the same tax year for the purpose of taxable or gainful activities. When leaving the country the tax authority must be notified thirty days in advance, and the documents necessary to determine the tax shall be enclosed with the notification. If lodging the notice and the enclosure of documents as per the above is not possible within the prescribed time limit, this obligation shall be satisfied collectively within fifteen days of the time when they become possible.

(6) The tax authority shall establish the tax and tax advance by resolution if a private individual disputes the tax assessed by the payer or employer, or if there is a dispute between the payer (employer) and the private individual concerning the amount of tax advance.

Provisional Tax Assessment

Section 132

(1) Upon the taxpayer's (applicant) request, the minister in charge of taxation shall determine in a two-phase procedure whether any tax liability applies in connection with any future contract to be concluded by the taxpayer (applicant) and the tax liability of other taxpayer(s) directly involved in the contract and, if possible, the tax base and the tax on the basis of the detailed information supplied by the taxpayer. Nonresident persons shall present their request for provisional tax assessment through their resident representatives only. A request for establishing the fair market value may not be presented as a request for provisional tax assessment.

(2) The taxpayer (applicant) may ask in the request for provisional tax assessment for extending the validity of a resolution - having regard to the parts where corporate taxes are concerned - adopted in the procedure for provisional tax assessment for a period of three years irrespective of any future changes in the relevant legislation (hereinafter referred to as “extended provisional tax assessment”) if:
   a) the taxpayer’s average number of employees in the tax year preceding the given tax year is at least 200, and/or
   b) the taxpayer’s balance sheet total in the tax year preceding the given tax year, or the estimated balance sheet total if the taxpayer is founded during that tax year without predecessor, is at least one billion forints.

   If the actual balance sheet total of a taxpayer founded during that year without predecessor does not reach the estimated balance sheet total indicated at the beginning of the procedure, the resolution adopted relating to the extended provisional tax assessment shall apply - as of the time of submission of the financial report for the tax year - only in consideration of future changes in the relevant legislation. In this case the fee paid in connection with the request made for extended provisional tax assessment shall not be refunded.

(3) Provisional tax assessment shall be binding on the tax authority only for the case in question and under unaltered conditions. In the event of any future changes in the legislation concerned with provisional tax assessment or any changes in the facts (content changes) as of the date of entry into force, or such changes taking effect, the provisional tax assessment cannot be applied. The applicability of extended provisional tax assessment shall not be affected by future changes in the relevant legislation, however, it is affected only by changes in the facts (content changes).

(4) The time limit for adopting a decision of the first instance shall be sixty days from the time of submission of the application, or sixty days from the time of having supplied the missing information in the case of remediable deficiencies. The time limit may be extended by sixty days. A request for provisional tax assessment may be withdrawn before a decision in the first instance is adopted. Where an application is submitted in the urgent procedure, the administrative time limit shall be thirty days in the first instance, thirty days from the time of having supplied the missing information in the case of remediable deficiencies, that may be extended by up to thirty additional days.

(5) The application described in Subsection (1) hereof must be submitted on the prescribed form and endorsed by an attorney, tax adviser, tax consultant or certified tax consultant. The taxpayer’s formal statement shall be enclosed with the application stating that:

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a) the facts indicated in the application are true,

b) to the best of his knowledge there are - and never have been - neither investigation, official taxation or court proceedings in progress against this, nor a similar petition.

Where provisional tax assessment involves the classification of research and development activities as well, a copy of the resolution on preliminary classification adopted by the authority competent for the assessment of research and development activities shall be attached as well.

(6) The application shall be subject to a fee, payable as one per cent of the value of the transaction, between one million and eight million forints. If the application pertains to a specific type of contract or contract package, the fee shall be ten million forints. If the application covers several future transactions which are unrelated as to economic objective which, however, are considered similar or identical in terms of legal ramifications (framework application), the fee shall be eight million forints per transaction. The fee charged for applications for extended provisional tax assessment shall be three times the amount payable by the taxpayer for provisional tax assessment, up to fifteen million forints, whereas the fee payable in the urgent procedure shall be double the amount payable by the taxpayer for provisional tax assessment. If the taxpayer’s application for provisional tax assessment also contains a request for extended provisional tax assessment, the fee applicable shall be determined under the provisions governing the fees payable for applications for extended provisional tax assessment.

(7) The application must be refused if:

a) the taxpayer fails to meet the conditions set out in Subsections (1)-(5) of this Section;

b) the details supplied by the taxpayer are insufficient for tax assessment;

c) there are reasonable grounds to believe that the facts presented are intended to cover up another contract, deal or act, or they are contrary to the principle of due course of the law;

d) the facts contained in the application pertain to a deal already completed;

e) the facts presented are the same as the facts contained in the taxpayer’s earlier and rejected request for provisional tax assessment;

f) there is an administrative or court proceeding in progress in the case;

g) legislation would be necessary for satisfying the application;

h) the application fails to disclose facts that are deemed important for the purposes of tax assessment even after being remedied;

i) provisional tax assessment requires an interpretation of foreign laws.

If the application is rejected, the minister in charge of taxation shall take immediate action for having 75 per cent of the fee paid refunded following the effective date of the resolution.

(8) In the event of the taxpayer’s failure to pay the fee in full, upon receipt of notice, the proceedings shall be terminated.

(9) The resolution adopted in connection with provisional tax assessment may not be subject to judicial review.

(10) In connection with any transaction to which the application for provisional tax assessment pertains, an inspection may not be conducted between the time of submission of the application and the fifteenth day following the operative date of the resolution adopted in the procedure for provisional tax assessment, if the taxpayer (applicant) has already concluded the contract or other transaction that was indicated in the application after the time of submission of the application to the minister in charge of taxation, or if the transaction affected is considered continuous.

(11) If the state tax authority has to be contacted before reaching a decision, the state tax authority shall comply with such request within fifteen days. The duration of such requests shall not be included in the time limit prescribed for provisional tax assessment procedures.

Extension of the Period of Validity of Provisional Tax Assessment

Section 132/A.

(1) The taxpayer may lodge an application requesting an extension regarding the period of validity of provisional tax assessment with the minister in charge of taxation according to the rules of procedure applicable to provisional tax assessment, where future changes in the legislation relating to provisional tax assessment or any changes in the facts:

a) the facts indicated in the application are true,

b) to the best of his knowledge there are - and never have been - neither investigation, official taxation or court proceedings in progress against this, nor a similar petition.

Where provisional tax assessment involves the classification of research and development activities as well, a copy of the resolution on preliminary classification adopted by the authority competent for the assessment of research and development activities shall be attached as well.

(6) The application shall be subject to a fee, payable as one per cent of the value of the transaction, between one million and eight million forints. If the application pertains to a specific type of contract or contract package, the fee shall be ten million forints. If the application covers several future transactions which are unrelated as to economic objective which, however, are considered similar or identical in terms of legal ramifications (framework application), the fee shall be eight million forints per transaction. The fee charged for applications for extended provisional tax assessment shall be three times the amount payable by the taxpayer for provisional tax assessment, up to fifteen million forints, whereas the fee payable in the urgent procedure shall be double the amount payable by the taxpayer for provisional tax assessment. If the taxpayer’s application for provisional tax assessment also contains a request for extended provisional tax assessment, the fee applicable shall be determined under the provisions governing the fees payable for applications for extended provisional tax assessment.

(7) The application must be refused if:

a) the taxpayer fails to meet the conditions set out in Subsections (1)-(5) of this Section;

b) the details supplied by the taxpayer are insufficient for tax assessment;

c) there are reasonable grounds to believe that the facts presented are intended to cover up another contract, deal or act, or they are contrary to the principle of due course of the law;

d) the facts contained in the application pertain to a deal already completed;

e) the facts presented are the same as the facts contained in the taxpayer’s earlier and rejected request for provisional tax assessment;

f) there is an administrative or court proceeding in progress in the case;

g) legislation would be necessary for satisfying the application;

h) the application fails to disclose facts that are deemed important for the purposes of tax assessment even after being remedied;

i) provisional tax assessment requires an interpretation of foreign laws.

If the application is rejected, the minister in charge of taxation shall take immediate action for having 75 per cent of the fee paid refunded following the effective date of the resolution.

(8) In the event of the taxpayer’s failure to pay the fee in full, upon receipt of notice, the proceedings shall be terminated.

(9) The resolution adopted in connection with provisional tax assessment may not be subject to judicial review.

(10) In connection with any transaction to which the application for provisional tax assessment pertains, an inspection may not be conducted between the time of submission of the application and the fifteenth day following the operative date of the resolution adopted in the procedure for provisional tax assessment, if the taxpayer (applicant) has already concluded the contract or other transaction that was indicated in the application after the time of submission of the application to the minister in charge of taxation, or if the transaction affected is considered continuous.

(11) If the state tax authority has to be contacted before reaching a decision, the state tax authority shall comply with such request within fifteen days. The duration of such requests shall not be included in the time limit prescribed for provisional tax assessment procedures.

Extension of the Period of Validity of Provisional Tax Assessment

Section 132/A.

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a) the facts indicated in the application are true,

b) to the best of his knowledge there are - and never have been - neither investigation, official taxation or court proceedings in progress against this, nor a similar petition.

Where provisional tax assessment involves the classification of research and development activities as well, a copy of the resolution on preliminary classification adopted by the authority competent for the assessment of research and development activities shall be attached as well.

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(7) The application must be refused if:

a) the taxpayer fails to meet the conditions set out in Subsections (1)-(5) of this Section;

b) the details supplied by the taxpayer are insufficient for tax assessment;

c) there are reasonable grounds to believe that the facts presented are intended to cover up another contract, deal or act, or they are contrary to the principle of due course of the law;

d) the facts contained in the application pertain to a deal already completed;

e) the facts presented are the same as the facts contained in the taxpayer’s earlier and rejected request for provisional tax assessment;

f) there is an administrative or court proceeding in progress in the case;

g) legislation would be necessary for satisfying the application;

h) the application fails to disclose facts that are deemed important for the purposes of tax assessment even after being remedied;

i) provisional tax assessment requires an interpretation of foreign laws.

If the application is rejected, the minister in charge of taxation shall take immediate action for having 75 per cent of the fee paid refunded following the effective date of the resolution.

(8) In the event of the taxpayer’s failure to pay the fee in full, upon receipt of notice, the proceedings shall be terminated.

(9) The resolution adopted in connection with provisional tax assessment may not be subject to judicial review.

(10) In connection with any transaction to which the application for provisional tax assessment pertains, an inspection may not be conducted between the time of submission of the application and the fifteenth day following the operative date of the resolution adopted in the procedure for provisional tax assessment, if the taxpayer (applicant) has already concluded the contract or other transaction that was indicated in the application after the time of submission of the application to the minister in charge of taxation, or if the transaction affected is considered continuous.

(11) If the state tax authority has to be contacted before reaching a decision, the state tax authority shall comply with such request within fifteen days. The duration of such requests shall not be included in the time limit prescribed for provisional tax assessment procedures.

Extension of the Period of Validity of Provisional Tax Assessment

Section 132/A.

(1) The taxpayer may lodge an application requesting an extension regarding the period of validity of provisional tax assessment with the minister in charge of taxation according to the rules of procedure applicable to provisional tax assessment, where future changes in the legislation relating to provisional tax assessment or any changes in the facts:

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a) occur after the operative date of the resolution adopted on provisional tax assessment, but before the implementation of the transaction, and

b) shall not entail any changes in the tax treatment of the provisions contained in the operative part of the resolution on provisional tax assessment, such as in particular in the facts fixed in the provisional tax assessment and the tax liability established on that basis.

(2) The procedure for the extension of the period of validity of provisional tax assessment is intended to determine the future application of the resolution on provisional tax assessment with the period of validity extended consistent with the changes in the relevant legislation or in the relevant facts.

(3) The fee payable for a procedure for the extension of the period of validity of provisional tax assessment shall be 50 per cent of the fee charged for the underlying provisional tax assessment.

Establishing Fair Market Value

Section 132/B

(1) The state tax authority shall declare by resolution, upon request, the procedure for determining the fair market value to be used in a future transaction to be concluded between affiliated companies, the facts and circumstances based on which it is determined, and, if possible, the fair market price or price range (fair market value).

(2) The resolution shall be considered valid in bilateral and multilateral proceedings upon the agreement of the state tax authority and the competent foreign authorities.

(3) Before lodging the application the applicant may request prior consultation for the applicant and the competent authority to discuss in advance the conditions under which to conduct the proceedings, to make arrangements for the timetable and disposition of discussions, and any possible ways for cooperation. The outcome of such prior negotiations shall not be binding upon the applicant or upon the competent authority in the proceedings for determining fair market value.

(4) Proceedings for establishing fair market value may be unilateral, bilateral or multilateral. Where the laws of another country relating to income taxes also apply to the transaction in question, the affiliated company shall indicate in the application its intention to use unilateral, bilateral or multilateral proceedings for establishing fair market value.

(5) In connection with an application for bilateral or multilateral proceedings, the taxpayer shall attach the English translation of the application. At the tax authority’s request, the taxpayer shall enclose the English translation of the documentary sections that may be required for carrying out the bilateral or multilateral proceedings. In connection with an application for bilateral or multilateral proceedings, the state tax authority shall contact the competent authority of the other State with a view to entering into an agreement with the competent authority of the other State and to obtaining the information necessary for the evaluation of the application pursuant to the provisions on mutual cooperation or similar proceedings prescribed in the conventions on double taxation.

(6) With the exception of taxpayers in which the State has majority control directly or indirectly, taxpayers who are not subject to the obligation to keep records (simplified records) as prescribed in the legislation laying down provisions for the obligation to keep records relating to the determination of fair market value may not submit an application for establishing fair market value.

(7) The resolution shall be valid for a specific term, minimum three and maximum five years. The validity period of the resolution may be extended on one occasion, for an additional three years at the request of the affiliated companies on whose behalf the fair market value is determined. The validity period of the resolution may not be extended if the facts underlying the original resolution have changed to such an extent, whereby a new resolution would be required for determining the fair market value. The application for the extension of the resolution’s validity period shall be submitted at least six months before the resolution expires. The procedure opened upon the application for the extension shall be subject to the same regulations that apply to the evaluation of the original applications.

(8) Applications shall be submitted to the state tax authority in three copies subscribed by a tax consultant, tax expert, certified tax expert, or an attorney, containing information similar to the records prescribed by the legislation laying down provisions for the obligation to keep records relating to the determination of fair market value.

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Applications shall have attached a statement from the applicant guaranteeing that the information conveyed in the application is true and correct.

(9) The proceedings for establishing fair market value shall be subject to a fee of:
   a) minimum five hundred thousand and maximum five million forints for unilateral proceedings, where fair market value is established by the method of comparative prices, by the method of resale prices or by the cost and income method;
   b) minimum two and maximum seven million forints for unilateral proceedings, where fair market value is established by any method other than what is contained in Paragraph a);
   c) minimum three and maximum eight million forints for bilateral proceedings;
   d) minimum five and maximum ten million forints for multilateral proceedings.

If fair market price (price range) cannot be determined as a specific sum, the fee shall equal the fee minimum, depending on the type of proceedings.

(10) The fee specified in Subsection (9) shall be paid before the opening of the proceedings. The fee for proceedings for extension or amendment shall be fifty per cent of the fee paid in the original proceedings. If the application is rejected, seventy-five per cent of the fee paid shall be refunded. The fee shall be one per cent of the fair market value or of the mean value of the lower and upper limits determined if the resolution containing the fair market value indicates the fair market value as a specific sum. If the fee calculated by the one per cent rate exceeds the minimum amount calculated according to Subsection (9), the taxpayer shall be required to pay the difference when so requested by the tax authority, before the resolution communicating the fair market value is delivered. The state tax authority shall deliver the resolution to the taxpayer within eight days upon receipt of the difference. In the event of failure to pay the difference, the state tax authority shall reject the application for establishing fair market value, in which case the provision for refund shall not apply.

(11) The application must be rejected if:
   a) the applicant’s statement concerning the relevant facts of the case is false;
   b) the information the applicant has supplied is incomplete, and the missing information was not supplied within the prescribed deadline, leaving the data for determining the fair market value insufficient;
   c) there are reasonable grounds to believe that the facts presented are intended to cover up another contract, deal or act;
   d) the applicant did not pay the fee in full within thirty days of being so requested;
   e) the facts contained in the application pertain to a deal already completed;
   f) in connection with bilateral or multilateral proceedings, the competent foreign authority did not make available the data and information necessary for the application and the taxpayer did not request unilateral proceeding instead;
   g) the costs of the proceedings to be borne by the competent authority exceed the amount of the fee, and the taxpayer refused to pay the extra costs at the authority’s request;
   h) an attempt for consultation with the competent foreign authority in connection with an agreement for establishing fair market value failed, unless the taxpayer had requested an unilateral proceeding instead;
   i) Hungary does not have an agreement for the elimination of double taxation with the foreign State in question, or the agreement does not contain provisions for mutual cooperation or similar proceedings;
   j) completion of the proceeding is pending on new legislation or on the amendment of existing ones;
   k) the taxpayer has requested unilateral proceedings in the stead of bilateral or multilateral proceedings, and in the course of the proceedings opened according to this request the competent authority of the foreign State rejected the request made by the state tax authority for the exchange of information or suggests mutual consultation proceedings in reply to the request for the exchange of information, except if the taxpayer changes his request for unilateral proceedings for bilateral or multilateral proceedings.

(12) In the absence of consent on the part of the competent authority of the other State, the tax authority shall conduct the bilateral or multilateral proceedings at the taxpayer’s request unilaterally only if the information available to the state tax authority is sufficient for the purposes of establishing fair market value.

(13) The resolution shall be binding upon the tax authority with retroactive effect from the date when the application was submitted, provided that the facts remain the same, except if, following the effective date of the resolution, there is any evidence that:
   a) the application contains any false information;
   b) the affiliated companies have departed from the resolution in determining the fair market value;

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c) the facts and circumstances applied in the process of determining fair market value have changed considerably from the facts contained in the resolution to such an extent as to be considered doubtful from the standpoint of the reliability of the fair market value;
d) the relevant legislation underlying the application have been amended, unless the resolution is also amended accordingly;
e) the critical conditions established in connection with the fair market value are not satisfied and the affiliated companies involved in the proceedings did not move for having the resolution amended;
f) (14) The resolution shall cease to apply as of the date of termination of the binding clause.

Section 132/C

(1) The state tax authority shall amend the resolution within the validity period prescribed therein, at the request of the taxpayer. The resolution may be amended if any new circumstance that is deemed material for the purposes of the case arises, if it was not known previously due to the mala fide conduct of affiliated companies other than those being parties to the proceeding, or if the circumstances underlying the resolution have changed significantly from the standpoint of reliability of the fair market value. The procedure opened upon the application for the amendment shall be subject to the same regulations that apply to the evaluation of the original applications.
(2) The state tax authority shall have powers to check the data and information contained in the application and in the supporting documents, analyses, studies, statements, calculations and executive summaries in due observation of the regulations governing such examinations, to the extent and in the manner required for adopting the resolution (authenticity check). The period affected by the authenticity check conducted by the state tax authority shall not be deemed audited upon the conclusion of the procedure.
(3) In connection with a fair market value to which the application for establishing fair market value pertains an inspection may not be conducted between the time of submission of the application and the sixtieth day following the operative date of the resolution establishing fair market value, if the affiliated companies have already concluded the contract or other transaction that was indicated in the application. Within sixty days following the operative date of the resolution the taxpayer may conduct self-audit in accordance with the resolution if the contract or other transaction was executed following submission of the application for establishing fair market value.
(4) Any ruling in the first instance for the rejection of applications for determining fair market value, for the amendment of the resolution, or for the extension of the validity period of the resolution may be appealed independently.
(5) The administrative time limit for these proceedings is one hundred and twenty days, which may be extended on two occasions by sixty days. The administrative time limit shall not include the time of discussions with the competent foreign authority, nor the authenticity check conducted by the tax authority or the time elapsed for supplying missing information. If in consequence, any new circumstance that is deemed significant for the purposes of the case arises, or critical conditions and other factors and circumstances underlying the resolution have changed significantly from the standpoint of reliability of the fair market value, which are likely to have a material impact on the fair market value, the administrative time limit shall discontinue and it shall restart at the time of occurrence of the underlying event. The state tax authority shall notify the applicant accordingly.

Authorization of Deferred Payment and Payment by Installment

Section 133

(1) Deferred payment and installment payment (hereinafter referred to collectively as “payment facilities”) may be granted upon the request of the taxpayer or the person obliged to pay tax for a tax registered by the tax authority. Payment allowance may be granted if the payment difficulty
a) cannot be attributed to the applicant or if he has taken reasonable measures to prevent it as is expected in the given situation and, furthermore,
b) is of a temporary nature, that is to say that payment of the tax at a later time is evident.

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(2) The decision for granting authorization and the conditions shall be based upon the reasons and circumstances behind the payment difficulty.

(3) No payment facilities shall be authorized
   a) for advances on the income tax of private individuals and for income tax that has been deducted,
   b) for local tax collected,
   c) for contributions deducted by the payer from a private individual.

(4) In respect of private individuals, payment facilities may be granted the provisions of Paragraph a) of Subsection (1) notwithstanding, if the applicant is able to provide some form of evidence demonstrating that payment of the tax at that particular time or in its entirety would constitute unreasonable hardship on his family, given his income, financial and social circumstances.

(5) In connection with the submission of an application for and in respect of the granting of payment facilities, the following surcharges shall be attached and announced in a resolution where Paragraphs a) and c) apply:
   a) in respect of an application submitted by a private individual before the due date, the surcharge shall be equal to the central bank base rate in effect on the date of submission and charged up to the date of the resolution of the first instance on the application;
   b) in respect of an application filed by a legal person, another organization or a private individual after the due date, default interest up to the date when the resolution on the application becomes definitive or up to the date of the resolution of the first instance if payment facilities are granted;
   c) when authorization is granted, for the period of payment facilities, from the date of the resolution of the first instance in an amount equal to the central bank base rate in effect on the day on which the application is submitted.

(6) The imposition of surcharges may be dismissed under special and equitable circumstances. The provisions on default interest shall be applied in regard to other aspects of the surcharges described in Paragraphs a) and c) of Subsection (5).

(7) Deferred payment and installment payment may be authorized under other conditions where permitted by law; the granting of such may only be precluded by an act.

(8) The tax authority may render its authorization for deferred payment or installment payment subject to specific conditions set out in its resolution.

(9) In the operative part of the resolution the taxpayer shall be advised on the fact that his failure to meet the conditions of the allowance or pay the installments as due shall render the facilities void and the debt shall become payable in full together with all of the associated charges.

(10) Payment facilities shall not be granted to taxpayers participating in a group taxation arrangement under the Act on Value Added Tax, during the life of the group taxation arrangement.

Section 133/A

(1) Private individuals not engaged in entrepreneurial activities, if not required to pay value added tax shall have the option to install a statement in their personal income tax return - before the deadline prescribed for filing the tax return - to effect payment of the personal income tax up to 100,000 forints within the framework of free payment facilities, in equal monthly installments over a period of four months from the due date. The first installment shall be paid by the due date prescribed for the payment of the personal income tax by the relevant legislation. The deadline for the statement aforementioned shall apply with prejudice.

(2) In the event of the taxpayer’s default in payment of any installment, the payment facilities shall be withdrawn, and the debt shall become due and payable in full. In this case the tax authority shall charge default interest on the amount of debt remaining effective as of the original due date.

Section 133/B

Tax Abatement

Section 134
(1) Upon the request of a private individual, the tax authority may reduce or cancel the tax debts, fines or surcharge debts of such individual if payment thereof seriously endangers the livelihood of the taxpayer and those of his close relatives living in the same household.

(2) The tax authority may neither cancel nor reduce the tax of other persons over and above the provisions of Subsection (1).

(3) The tax authority may reduce (cancel) a surcharge or penalty under special and equitable circumstances particularly if payment thereof would make it impossible for the affected private individual, legal person or organization to conduct business operations. The tax authority may make any reduction contingent upon the payment of part (or all) of the unpaid tax.

(4) Tax reduction shall not be granted to taxpayers participating in a group taxation arrangement under the Act on Value Added Tax, during the life of the group taxation arrangement.

(5) 

Section 134/A

Amendment and Withdrawal of a Resolution (Ruling)

Section 135

(1) If the tax authority finds that its resolution (ruling) is in violation of the law before it is reviewed by a superior authority or by the court, the tax authority shall amend or withdraw such resolution (ruling) within one year from the date it became operative to the detriment of the taxpayer or within the term of limitation for the right of tax assessment if it is to the advantage of the taxpayer affected. The tax authority shall also amend or withdraw its resolution (ruling) within the term of limitation for the right of tax assessment or refund if so prescribed by law.

(2) Limitation of the amendment to the detriment of the taxpayer as described in Subsection (1) shall not be applicable if:
   a) by virtue of a final court ruling in a criminal case the taxpayer in question has been found guilty of fraud, budget fraud, tax fraud or employment related tax fraud in connection with the fulfillment of his tax obligations;
   b) an officer of the tax authority that passed the resolution (ruling) has breached his duty in violation of the penal code so as to influence the passing of the resolution (ruling), as established in a final court ruling in conclusion of a criminal proceeding;
   c) the taxpayer has acted in bad faith.

(3) The burden of proof regarding bad faith lies with the tax authority.

(4) Where a resolution (ruling) of the tax authority was passed in violation of law and, in consequence, the taxpayer becomes eligible for a tax refund, the tax authority shall pay interest on such amount equivalent to the rate of default interest unless the error in tax assessment occurred in consequence of a reason within the taxpayer’s control, or of the person subject to compulsory data disclosure.

Appeal

Section 136

(1) Taxpayers shall have the right to appeal resolutions of the first instance. Any party to whom the resolution pertains shall also have the right to appeal.

(2) A ruling adopted during the proceeding conducted before the resolution was adopted may only be contested in the appeal lodged against the resolution, unless it may be appealed separately pursuant to this Act.

(3) An independent appeal may be lodged against a ruling adopted in the first instance:
   a) for suspension of the proceedings;
   b) for termination of the proceedings;
   c) for rejection of an application outright, without investigation;

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d) for dismissal of the application for continuation in connection with missing a deadline for filing the tax return, notification or appeal;
  e) for limiting the right of access to documents for review;
  f) for rejecting the taxpayer’s request for re-audit;
  g) concerning the exercise of the right of withholding;
  h) in judgment of a demurrer of enforcement;
  i) for imposing an administrative penalty;
  j) concerning procedural charges; and
  k) for rejection of a petition to challenge a presumption of service.
(4) The appeal shall be lodged within fifteen days from the date on which the resolution (ruling) was communicated or within thirty days with respect to posteriori tax assessment.
(5) The person entitled to appeal may waive his right to do so within the time limit in which an appeal must be filed. The waiver of the right to appeal may not be withdrawn.
(6) If the appeal is lodged in delay, the tax authority shall regard it as a request for supervisory measure.

Section 136/A.

(1) By way of derogation from Subsection (4) of Section 136, an appeal may be submitted within eight days of the date of delivery of the resolution on the refusal to issue a tax number, or on the refusal of the request submitted under Subsection (4) of Section 24/C and Subsection (3) of Section 24/D (hereinafter referred to as “resolution”). No application for continuation shall be accepted upon missing the deadline.
(2) By way of derogation from Subsection (2) of Section 137, the appeal against the resolution shall be introduced to the superior authority with all documents attached within five days following the date when received.
(3) The deadline for adopting a resolution in connection with an appeal lodged against a resolution is fifteen days.
(4) No petition may be submitted for requesting supervisory action in connection with the resolution.

Section 137

(1) The appeal shall be submitted to the tax authority that adopted the resolution (ruling) appealed. The appeal shall be considered as being lodged within the prescribed deadline, if submitted within the prescribed deadline at a body other than the body of competence and jurisdiction. New facts and evidence may also be presented in the appeal.
(2) The appeal shall be forwarded to the superior authority with all documents attached within fifteen days following the date when received, unless the tax authority has withdrawn the appealed resolution (ruling) or made the requested amendment or correction. In the appeal process the tax authority of the first instance shall convey its opinion concerning the appeal to the extent required for reaching a decision.

Section 138

(1) The superior authority shall review the appealed resolution (ruling) and the process leading to it, irrespective of who filed the appeal and for what reason. The deadline for adopting a resolution in connection with an appeal lodged against a resolution in connection with posteriori tax assessment is sixty days from the date of delivery of the documents to the superior authority. An appeal against a resolution shall be decided by resolution, where an appeal against a ruling shall be decided by ruling. The superior tax authority shall investigate the matter after which it shall sustain, amend or annul the original resolution (ruling).
(2) The superior authority may annul the resolution (ruling) and order the administrative agency of the first instance to reopen the case; if the available data and information is insufficient to adopt a resolution (ruling) or if further evidence is required, the superior authority shall proceed to obtain evidence on its own accord.

Section 139

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The resolution (ruling) on the appeal shall be delivered to the appealing party through the tax authority and to all others to whom the resolution (ruling) of the first instance was delivered.

**Reopening a Case**

*Section 140*

(1) If any part of a resolution that has been appealed is found unlawful as a result of which a new proceeding has to be conducted, the superior authority hearing the appeal case shall instruct the agency of original jurisdiction to conduct a new proceeding only with respect to the said unlawful sections (measures) and shall sustain or overturn the resolution (ruling) concerning the remaining sections, where it is suitable for the case in question.

(2) Where a new proceeding is ordered, the superior authority shall indicate - by way of a resolution (ruling) - the circumstances to be investigated in the new proceeding, or the type of tax, central subsidy and the tax period to be covered by the new proceeding. In the new proceeding ordered by the superior authority of the tax authority or by the court, the tax authority’s investigation shall be limited to the circumstances on the basis of which it was ordered, and the related facts.

(3)

**Supervisory Measures**

*Section 141*

(1) The superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV shall take a supervisory measure upon request or *ex officio* if the resolution or ruling (action) that may be appealed independently of the acting tax authority infringes upon the relevant legislation or if no resolution or ruling (action) that may be appealed independently has been adopted (taken) in violation of the law. A petition submitted to the minister in charge of taxation or the minister appointed for the supervision of the NAV requesting supervisory action must be endorsed by an attorney, tax adviser, tax consultant or certified tax consultant.

(2) The tax authority shall forward the documents within fifteen days from the date of receipt of the request from the superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV. The administrative time limit for any request for a supervisory measure in connection with posteriori tax assessment is sixty days from the date following the day of receipt of the documents by the supervisory agency, unless the acting agency dismissed the request for a supervisory measure without substantive investigation.

(3) The superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV shall amend or annul the unlawful resolution (action) or ruling that may be appealed independently and shall order a new procedure to be conducted if it is deemed necessary, or shall instruct the tax authority of the first instance to conduct the procedure. The superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV shall order the supervisory measure in a resolution (ruling).

(4) In the course of a supervisory measure no new decision may be adopted for changing the tax liability, the tax base, the tax amount, the base, or the amount of central subsidy to the detriment of the taxpayer. If the superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV is of the opinion that the reviewed decision (measure) was overly lenient, the unlawful decision (measure) shall be annulled and new proceedings shall be ordered.

(5) The superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV shall dismiss a request for a supervisory measure without further investigation if the decision of the competent tax authority has already been reviewed by the court. The minister in charge of taxation or the minister appointed for the supervision of the NAV shall dismiss a request for a supervisory measure without further investigation if it does not have the endorsement prescribed in Subsection (1), or if the case is pending decision by the President of the NAV in his capacity as the supervisory body. The superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV may dismiss a request for a supervisory measure without further investigation if the court review was requested by the taxpayer. The superior tax authority, the
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Section 141/A

(1) In connection with any decision of the first or second instance adopted for posteriori tax assessment in a liquidation proceeding, a request for supervisory measure may be submitted by the person who (that) was ordered by the tax authority to pay the overdue taxes of the taxpayer who was terminated by the said liquidation proceeding.

(2) The person liable for payment of tax shall be entitled to lodge a request for supervisory measure within thirty days of the operative date of the tax authority’s resolution adopted under Subsection (2) of Section 35 declaring his guarantee obligation also if the tax authority’s resolution adopted in the liquidation proceeding pertains to a period outside the term of limitation of the right to tax assessment.

(3) In the case referred to in Subsection (2), if the superior authority declares part or all of the tax assessment pertaining to the period outside the term of limitation of the right to tax assessment unlawful, it shall restrict or cancel the right of tax assessment in terms of the unlawful tax assessment within the term of limitation of the right of enforcement of tax debts.

(4) The tax authority - at the time of delivering the resolution adopted pursuant to Subsection (2) of Section 35 - shall also deliver to the person liable for payment of tax the decision of the first or second instance adopted for posteriori tax assessment in the liquidation proceeding, together with the report containing the findings of the subsequent audit.

Prohibition of Aggravation in Official Taxation Proceedings

Section 142

(1) If a resolution has been adopted in conclusion of a previous audit, no new resolution changing the tax liability, the tax base, the tax amount, the base and the amount of central subsidy to the detriment of the taxpayer may be adopted more than one year following the time when the audit was concluded, or if the audit has been concluded without the opening of an official proceeding. Furthermore, a new resolution cannot be adopted if the resolution adopted in the original proceeding is overturned by the superior tax authority and a new proceeding is ordered or if the tax authority of the first instance has withdrawn the resolution.

(2) The provisions set out in Subsection (1) shall not be applied:
   a) in cases of budget fraud, tax fraud, employment related tax fraud or fraud committed in connection with compliance with tax obligations as established by a definitive court decision;
   b) if a new procedure has been ordered by the court;
   c) if the audit was ordered by ruling of the minister in charge of taxation or the chairman of the State Audit Office or, with respect to local taxes, the council of a municipal government;
   d) if the tax authority carries out the audit with a view to satisfying the request made by the social security administration or performed under priority arrangement, and the re-audit is likely to result in eligibility for benefits;
   e) any new fact, information, and/or evidence that is likely to have an influence on tax assessment is subsequently introduced to the tax authority and the director of the state tax and customs authority orders a re-examination.

Judicial Review of Resolutions Passed by the Tax Authority

Section 143

(1) The court may, at the request of the taxpayer, reverse or abolish a final judgment on the merits taken by the tax authority of the second instance - with the exception of the resolutions for granting payment facilities and for
ENFORCEMENT PROCEEDINGS

Section 144

Unless otherwise provided for by this Act, an officer of the tax authority shall proceed in accordance with the provisions of Act LIII of 1994 on Judicial Enforcement (hereinafter referred to as “JEA”) in connection with acts of enforcement in the course of any enforcement proceeding. Tax administrators shall be vested with all of the powers conferred upon a court bailiff under the JEA with a view to ensuring the effective enforcement. The provisions of the JEA shall be observed with regard to obtaining and processing data in connection with enforcement procedures.

Enforcement Orders

Section 145

(1) In tax administration proceedings, the following shall function as enforcement orders:

a) definitive official resolution (ruling) on a payment obligation;

b) tax return containing the amount of tax (tax advance) payable under self-assessment;

c) the request for recovery of a claim in recovery procedures;

d) tax assessment notice communicated by the tax authority to the taxpayer;

e) court rulings establishing duties on court proceedings;

f) notifications on health services contribution obligations.

(2) No special measure (sequestration, certificate of enforcement, etc.) is required for such documents to become executable.

(3) Any surcharges and interest charged on a tax debt shall be collectible on the strength of the enforcement order on such tax debt.

Competent Authorities

Section 146

(1) Enforcement shall be carried out by the tax authority of the first instance, excluding bodies of the customs authority of original jurisdiction.

(2) On the basis of a request lodged by the creditor of any outstanding public dues enforced as taxes:

a) in respect of private individuals, the municipal government responsible for the place where the domestic residence or place of abode, the usual place of stay or, in the absence of such, the last known Hungarian address of such person is located,

b) in respect of legal persons and other organizations, the competent state tax authority shall have jurisdiction unless the collection of particular public dues is referred to the competence of another agency by law.

In respect of nonresident private individuals, the notary of the City of Budapest shall function as the competent municipal tax authority, if the competent municipal tax authority cannot be determined based on the sequence of the criteria for jurisdiction referred to under Paragraph a).

(3) In connection with the enforcement of debts upon request owed to municipal governments, the enforcement procedure shall be carried out by the state tax authority of competent jurisdiction according to the general provisions on jurisdiction.

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(4) The state tax authority may also effect enforcement by way of an independent court bailiff - chosen according to the case distribution rules - of the competent local court according to the home address of the judgment debtor or to the place where the judgment debtor’s assets that may be levied in execution are located. In this case, the court bailiff shall proceed in accordance with the provisions of this Act with the exception that his competence shall be governed under Subsections (3)-(5) of Section 232 of the JEA, and shall apply the provisions of the JEA relating to the auction of movable and real estate property by way of electronic means.

(5) If the same movable or real estate property is seized by several tax authorities, the one first seizing the property in question shall be entitled and required to continue the procedure and to liquidate the property. In the event of simultaneous seizure, the enforcement procedure shall be carried forward according to the agreement of the tax authorities concerned. Where seizure is carried out simultaneously with other tax authorities, the enforcement procedure shall be carried out by the state tax authority.

(6) If the tax authority is informed of the cessation of jurisdiction after the commencement of the enforcement procedure, such change in jurisdiction shall have no bearing on the procedures already carried out.

Section 147

(1) Actions for the enforcement (collection) of tax obligations of nonresident individuals abroad, as well as resident individuals spending over 183 consecutive days abroad (hereinafter collectively referred to as “judgment debtor“), and any outstanding public dues they may have that can be enforced (recovered) in the manner of taxation shall be carried out by the winner of the public procurement procedure arranged and conducted by the minister in charge of taxation, with the exception of the payment obligations falling under the scope of the agreement between Member States of the European Communities on recovery assistance.

(2) The winner of the public procurement procedure, with a view to enforce tax liabilities and outstanding public dues that can be enforced (recovered) in the manner of taxes, shall be allowed access to information classified as tax secrets, to the extent required. To this end, the tax authority shall make available the documents underlying the enforcement procedure to the winning tenderer until the conclusion of the procedure.

(3) For carrying out the actions described in Subsection (1), the winner of the tender shall be entitled to receive the consideration stipulated by agreement, not to exceed eight percent of the taxes collected.

(4) The tax authority shall submit the resolution on a payment obligation or the enforcement order (hereinafter referred to as “request”) quarterly to the winner of the tender. The tax authority shall forthwith notify the winner of the tender concerning any changes that may have occurred following conveyance of the request. Until such time as the winner of the tender notifies the tax authority of having abandoned the procedure, the domestic assets of the judgment debtor may not be subject to any acts of enforcement. If the winner of the tender fails to convey notice of having carried out the procedure within six months of receipt of the request, the tax authority shall have a lien registered on the judgment debtor’s real property.

(5) It is not necessary to employ the winner of the tender if the judgment debtor is in the domestic territory at the time of enforcement of his payment obligation and there is no other impediment in the way of enforcing said payment obligation, nor if the judgment debtor has a local representative vested with power of attorney in accordance with this Act.

Assets Levied in Execution

Section 148

Any and all of the assets of a nonresident company that are located in the domestic territory may be seized in the course of enforcing the collection of a tax debt originating in connection with activities carried out through a branch.

Precautionary Measures

Section 149

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(1) If there is any reason to believe that the enforcement of a claim is in jeopardy, the tax authority shall order securing action for money claims - as a protective measure - by way of a ruling.

(2) A precautionary measure may be ordered if:
   a) the tax authority’s resolution (ruling) establishing the payment obligation is not yet executable,
   b) the tax authority's resolution (ruling) is executable, but the settlement deadline prescribed therein has not yet expired.

(3) Precautionary measures shall be ordered by the tax authority that has issued the resolution (ruling) establishing the payment obligation.

(4) The implementation of rulings ordering protective measures shall be subject to the provisions applicable to judicial enforcement proceedings, with the exception that the seizure of a motor vehicle as a protective measure shall be executed by entering the seizure of the motor vehicle in the seizure report or, if possible, by seizure of the motor vehicle’s title of ownership. Rulings ordering protective measures may not be executed with respect to cultural goods listed in the certificate specified in the Act on the Special Protection of Borrowed Cultural Goods, during the period of special protection.

(5) A ruling ordering a precautionary measure may be contested by filing a demurrer of enforcement, which shall, however, have no suspensory effect concerning the precautionary measure.

(6) The precautionary measures carried out upon the ruling ordering the enforcement procedure need not be repeated after the commencement of the enforcement proceedings. If the resolution (ruling) ordering the enforcement proceeding is annulled, the precautionary measure must be terminated.

(7) Any seizure effected under the implementation of the ruling ordering the precautionary measure shall be carried over to the enforcement proceedings.

**Opening of Enforcement Proceeding**

**Section 150**

(1) The tax authority may invite a taxpayer and the person liable for the tax payable under Subsection (2) of Section 35 (hereinafter referred to collectively as “debtor”) to settle their tax debt, and it shall initiate the enforcement of such debt in the event of non-compliance. An enforcement proceeding shall commence upon the implementation of acts of enforcement.

(2)

(3) In order to enforce the recovery of tax debts, the tax authority establishing or recording the tax debt shall take action on the basis of the enforcement order.

**Transfer of Funds Between Accounts in Connection with Enforcement Procedures**

**Section 150/A**

(1) Where the records of the tax authority show any overpayment on the taxpayer’s tax account, in addition to any outstanding public dues enforced as taxes and procedural costs, for which the taxpayer in question is liable, the tax authority may - as an enforcement measure - transfer the amount of overpayment to the extent required to satisfy the sums owed according to its records, and shall notify the taxpayer accordingly. Where the aforementioned sum is transferred to satisfy outstanding public dues enforced as taxes, the tax authority shall notify the taxpayer thereof by way of a ruling.

(2) If the amount of overpayment shown in the state tax and customs authority’s records is insufficient to cover all debts of the taxpayer, the state tax and customs authority shall apply it to cover the personal income tax advance of the private individual, the income tax deducted, or the contributions the payer has deducted from the private individual in the order of due dates of the taxes and, in respect of taxes with identical due dates, in the proportion of the debts. The sum that remains thereafter shall be distributed proportionately among the rest of the debts in the order of due dates of the debts and, in respect of debts with identical due dates, in the proportion of the debts, and any sum

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that remains thereafter shall be distributed proportionately among the rest of the claims, in the proportion of the debts. Upon having transferred the amount of overpayment to offset a debt, such debt shall be deemed satisfied on the day when credited.

**Right of Withholding**

*Section 151*

(1) With the application for central subsidies (tax refund), the taxpayer shall supply a statement to the competent municipal tax authority on the prescribed form to declare any overdue liabilities and the amount of such liabilities owed to other tax authorities at the time of filing such statement. The municipal tax authority may, upon review, withhold the central subsidies (tax refund) due to the taxpayer up to the aggregate amount of delinquent taxes and outstanding public dues enforced as taxes that are specified in the taxpayer’s statement or in the inquiry of another tax authority and which are due and payable to other tax authorities, as a consequence of which such liabilities shall be considered paid.

(2) The state tax and customs authority may, upon review, withhold the central subsidies (tax refund) due to the taxpayer up to the aggregate amount of delinquent taxes and outstanding public dues enforced as taxes that are specified in the inquiry of a municipal tax authority and which are due and payable to municipal tax authorities, as a consequence of which such liabilities shall be considered paid.

(3) The tax authority shall notify the taxpayer of exercising withholding in a ruling. If the withholding concerns the liabilities indicated in the taxpayer’s statement, the tax authority shall notify the taxpayer of exercising withholding in writing, without adopting a ruling.

(4) The tax authority may refrain from exercising its right of withholding at the request of the taxpayer if non-payment of central subsidies (tax refund) would jeopardize his business activities, or - in the case of private individuals - if non-payment of subsidies would seriously endanger the livelihood of the taxpayer and those of his close relatives living in the same household.

(5) From the amount withheld on the basis of the statement, the tax authority shall transfer payment for the taxpayer’s overdue liabilities to the appropriate party within the legal deadline prescribed for disbursement or within fifteen days of the operative date of the ruling if acting upon a request.

(6) If the central subsidy (tax refund) requested at the state tax authority is insufficient to cover all of the taxpayer’s liabilities, the state tax authority, or the customs authority shall apply such to first satisfy the claims shown in its own files in a chronological order of due dates, or according to the amount of debts of the same due date. If any sum remains after settlement on the account of the state tax authority it shall be applied to satisfy the claims shown in the customs authority’s records and the sum that remains on the account of the customs authority shall be applied to satisfy the claims shown in the state tax authority’s records in a chronological order of due dates, or according to the amount of debts of the same due date. Any sum that remains thereafter shall be distributed proportionately among the rest of the claims.

(7) If the central subsidy (tax refund) requested at a municipal tax authority is insufficient to cover all of the taxpayer’s liabilities, the municipal tax authority shall apply such to first satisfy the claims shown in its own files in a chronological order of due dates, or according to the amount of debts of the same due date while distributing the remainder proportionately among the rest of the claims.

**Garnishment of Wages and Attachment of Payment Accounts**

*Section 152*

(1) Payment service providers carrying payment accounts shall carry out the tax authority’s official transfer order concerning an account without the enforcement order being attached.

(2) If the tax authority issues an official transfer order based on an enforcement order that contains false information, without an enforcement order or with an enforcement order attached, but before the due date, it shall
pay interest - the same as default interest - from the day on which the official transfer order was carried out until the
day on which the unlawfully collected tax and central subsidies are repaid.

(3) If a taxpayer made any payment of tax before the official transfer order was issued, but after the due date of the
tax, the tax authority shall repay such sum collected without legal grounds within eight days, without any interest.

(4) If the payment cannot be identified for reasons attributable to the taxpayer, the time limit shall commence from
the time when the payment is identified. In the case of taxpayers required to open a current account, a payment shall
be treated as identifiable if the taxpayer transferred the payment from a registered payment account or with his tax
number indicated, or in the case of taxpayers not required to open a current account, a payment shall be treated as
identifiable if the taxpayer has indicated his tax number (tax identification code).

Section 153

In the event of the tax authority’s attachment on any receivable (payment) owed to a debtor, the funds in a bank
account or a claim and if the employer, payer, credit institution or another person fails to comply with the tax
authority’s notice for withholding, transfer or payment or complies with such contrary to the relevant legislation, the
tax authority shall issue a resolution to order such person to pay the tax debt in question up to the amount that had
not been withheld, transferred or paid. In the event of failure to comply within the prescribed deadline, the tax
authority shall proceed to collect (attach) the debt according to the provisions applicable.

Attachment of Movable Tangible Assets and Real Estate Property

Section 154

(1) Where an enforcement proceeding concerns the motor vehicle of a taxpayer that is used in his business
operations, the tax administrator shall execute the order by entering the seizure of the motor vehicle in the seizure
report. The motor vehicle’s title of ownership shall be seized, if possible. If the taxpayer in question fails to pay his
tax debt within six months, the tax administrator shall seize the motor vehicle’s certificate of registration as well.

(2) The tax authority shall take action for having a motor vehicle seized under Section 103 of the JEA removed
from registration at the time of posting the auction notice at the latest.

Section 155

(1) Attachment of real estate property may take place in respect of a total tax debt of over 500,000 forints. For a
tax debt of less than 500,000 forints, attachment may also be ordered if the debt is in proportion to the value of the
real property involved.

(2) A residential property occupied by the debtor and his family, if it does not exceed the reasonable housing
requirement defined by the relevant legislation, may only be sold in an attachment proceeding if other forms of
enforcement have failed.

(3) The tax authority or a bailiff acting on behalf of the tax authority shall - in connection with the attachment of
real property - contact the real estate supervisory authority, upon which the real estate supervisory authority shall
enter the right of enforcement in the real estate register without delay. A demurrer of enforcement lodged against the
measure taken for the registration of the right of enforcement shall have no suspensory effect on the procedure
carried out by the real estate supervisory authority pursuant to the request.

(4) If attachment of a real estate property cannot be executed on the basis of Subsection (1), the tax authority shall
have the right to put a lien on the taxpayer’s real estate property up to the amount of the tax debt. The tax authority or
a bailiff acting on behalf of the tax authority shall contact the real estate supervisory authority for the registration of
the lien, upon which the real estate supervisory authority shall enter the lien in the real estate register without delay.
A demurrer of enforcement lodged against the measure taken for the registration of the lien shall have no suspensory
effect on the procedure carried out by the real estate supervisory authority pursuant to the request.

Section 155/A.

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regulations. UniCredit Bank intends to but does not undertake to update this website by publishing the most recent
wording of the regulations being entirely effective from time to time.
(1) In the enforcement of outstanding public dues enforced as taxes carried out upon the termination of the contract of a natural person for a loan granted under State guarantee facilities, no attachment of real estate property may be initiated, and any procedure in progress for the attachment of real estate property may not be continued in respect of any residential property that was offered for purchase by the State under the Act on the Protection of the Homes of Natural Persons Defaulting on Their Obligations Stemming from Loan Contracts.

(2) The state tax authority shall proceed in accordance with Subsection (1) hereof if the person known as the obligor of the outstanding public dues enforced as taxes is able to provide credible evidence of having offered the residential property for purchase by the State.

(3) The state tax authority may contact the body holding the State guarantee or the Nemzeti Eszközkezelő Zrt. (National Asset Management Company) to verify the credibility of the evidence supplied under Subsection (2).

(4) The state tax authority shall be entitled to implement or continue the procedure for the attachment of real estate property if receiving notice that the body holding the State guarantee refused to consent for having the residential property purchased by the State, or the Nemzeti Eszközkezelő Zrt. declined to accept the purchase offer made for the residential property in question.

(5) The body holding the State guarantee shall promptly notify the state tax authority of its refusal to consent for having the residential property purchased by the State, and the Nemzeti Eszközkezelő Zrt. of its refusal to accept the purchase offer made for the residential property in question with respect to the outstanding public dues enforced as taxes incurred in connection with the calling of said State guarantee, or on the purchase of such residential property, where applicable.

Section 156

(1) If the tax authority has executed the attachment of movable tangible properties and real estate property concurrently, the real estate property may only be sold if the attachment of movable tangible property is unsuccessful or it appears that the debt cannot be liquidated from it. The sale of any attached movable properties and real estate property:
   a) shall normally be carried out by auction, electronic auction or public bidding (hereinafter referred to as “auction”), or
   b) shall be carried out without an auction.

(2) The legal consequences pertaining to the publication of a bidding announcement or an auction notice shall become effective upon the posting of such for at least fifteen days on the bulletin board of the tax authority. Bidding announcements and auction notices pertaining to residential properties for which the competent municipal government is granted rights of pre-emption under specific other legislation shall be posted for at least thirty days on the bulletin board of the tax authority. Auction notices shall be posted until the fifth day before the auction. The tax authority shall display bidding announcements and auction notices on its official website, and shall also publish them in the official journal of the Magyar Bírósági Végrehajtói Kamara (Hungarian Chamber of Court Bailiffs) at the same time, and shall send them to the municipal government holding the rights of pre-emption. The tax authority shall display electronic auction notices on its official website only, in the Electronic Auction Page, subject to the legal consequences relating to publication.

(3) In connection with the seizure of movable tangible property and real estate property, the tax administrator may revise the appraised value if the auction is unsuccessful or if at least three months have passed between the appraisal and the auction itself due to any discontinuance or suspension of the attachment proceeding, or due to the lodging of an action of replevin. The tax administrator shall revise the appraised value before publication of a tender or an auction notice also if the market value of the movable tangible property and real estate property has changed significantly between the time of appraisal and the time of publication of the tender or auction notice.

(4) The tax authority shall order auction buyers by way of resolution to pay the purchase price differential described in Subsection (2) of Section 125 and Subsection (7) of Section 132/G of the JEA. A binding resolution declaring the payment obligation of an auction buyer shall be treated as an enforcement order in tax administration proceedings.

(5) In connection with the auction of movable property, the tax authority shall not apply the second part of Paragraph e) of Section 120, Subsection (4) of Section 122, Sections 132/B-132/F, Subsections (1)-(6) of Section 132/G and Subsection (4) of Section 133 of the JEA.

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(6) In connection with the auction of real estate property, the tax authority shall proceed according to the provisions of the JEA subject to the following exceptions:

a) Paragraphs j) of Subsection (1) of Section 143 and the passage “on the conditions and time limits for submitting bids electronically” in Paragraph k) of Subsection (1) of Section 147, Subsection (4) of Section 153, Subsection (1) of Section 155, Subsection (5) of Section 157, Paragraph b) of Subsection (2) and Subsections (3)-(8) of Section 158 of the JEA may not be applied;
b) the second auction shall not be conducted, if the auction buyer has paid the purchase price in cash or by way of credit transfer, in which case the debit notice shall be presented to the tax authority before the commencement of the second auction, and has reimbursed the costs incurred by the scheduling of the second auction.

(7) The tax authority shall process the tax identification code of the auction buyer, or of the electronic bidder in the case of electronic auction in accordance with the provisions governing tax secrets.

Section 156/A

(1) Electronic auctions shall be governed by the provisions of Sections 120-129, Section 132, Section 132/A and Sections 141-156 of the JEA, subject to the exceptions set out in this Section. The provisions of the Act on the General Rules of Administrative Proceedings and Services pertaining to applications for continuation, and Subsection (1) of Section 38, Subsections (1)-(4) of Section 124, Sections 125-126, Subsection (1) of Section 146, Subsections (1)-(3) of Section 147, Subsection (2) of Section 149 and Section 154/B of the JEA shall not apply.

(2) In electronic auctions, bidders may bid by way of electronic means in the Electronic Auction Page (hereinafter referred to as “EÁF”) that may be accessed through the tax authority's official website, as well as the municipal governments holding rights of pre-emption under specific other legislation in connection with the auction of residential properties (hereinafter referred to collectively as “electronic bidders”). Before the closing of the electronic auction, no representation is permitted under a power of attorney or authorization, unless the electronic bidder, being the principal or customer, notifies the tax authority to that effect through the central electronic services network. Minors and the representatives of minors may not participate in the auction.

(3) The electronic auction notice posted on the EÁF by the tax authority shall contain an indication that auctioning is conducted by way of electronic means only. Viewing the electronic auction notices, participating in the auction and bidding is free of charge. The tax authority shall carry out all actions and convey all information relating to a pending electronic auction through the EÁF.

(4) Electronic bidders wishing to participate in an electronic auction may place their bids through the central electronic services network, via the customer port of entry.

(5) In respect of an auction of real estate property, bidders shall pay 10 per cent of the appraised value of the property as auction deposit before the commencement of the auction to the account published by the tax authority, by way of credit transfer. If the amount of the deposit is not credited to the account published by the tax authority before the time the auction is scheduled to begin, however, the prospective bidder’s account has already been debited by the financial institution, the prospective bidder affected may provide credible proof to the tax authority that the transfer had in fact been executed irrevocably.

(6) The duration of an electronic auction shall start at the time of opening indicated in the auction notice and shall end at 21:00 hours on the third day; in respect of the highest bid, municipal governments holding rights of pre-emption under specific other legislation in connection with the auction of residential properties may exercise this right until 17:00 hours of the working day following the time of conclusion of the auction. When placing a bid, the EÁF displays the highest bid quoted on the auctioned article up to that point, and an electronic time display showing the length of time remaining of the auction period. In the event of any malfunction in the system of a length of up to one hour, twenty-four hours shall be added to the original duration of electronic auction. The duration of auction shall be extended by twenty-four hours regardless of the length of the malfunction, if it occurs inside the last four-hour-period before the closing time of the auction. If a valid bid is received inside of two minutes before the closing of the electronic auction, the duration of the auction shall be automatically extended by five minutes, and this shall apply to any subsequent times of closing the auction.

(7) Bids shall not be accepted below 5,000 forints, or 20,000 forints if the reserve price is 500,000 forints or more, and 50,000 forints if the reserve price is 5 million forints or more, or 100,000 forints if the reserve price is 10 million forints or more. Municipal governments holding rights of pre-emption under specific other legislation in connection

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with the auction of residential properties may exercise this right by making a purchase offer matching the amount of the highest bid.

(8) Valid bids shall comprise the five highest bids above fifty per cent of the appraised value in the case of movable tangible property, or the highest bid above sixty-five per cent of the appraised value in the case of real estate property or seventy-five per cent in the case of residential property, registered in the EÁF before the closing time indicated in the auction notice. In the event of bids of the same amount, the one registered on the EÁF earlier shall be declared winner. Bids may not be withdrawn.

(9) In connection with the sale - by way of electronic auction - of a motor vehicle that was seized according to Subsection (5) of Section 103 of the JEA, bids shall be accepted only if high enough to cover the estimated costs of the enforcement procedure and the amount due to the judgment debtor according to Subsection (1) of Section 170/A of the JEA. In these cases the minimum amount of bids shall be indicated on the EÁF.

(10) The highest bidder shall be declared winner of the auction, however, the competent municipal government shall be declared winner if exercising its right of pre-emption granted under specific other legislation in respect of such highest bid. The tax authority conducting the auction shall notify the winner by way of electronic means, immediately upon the conclusion of the electronic auction. The electronic notice shall advise the winning bidder to appear at the tax authority conducting the auction within eight days following receipt of notice and to pay the purchase price electronically or in cash in the case of movable tangible property, or to provide proof of payment of the purchase price by way of credit transfer or postal money order. In connection with real estate property, the tax authority may provide a respite of sixty days for paying the purchase price, if it is justified in the case of high-price properties or for other important reason.

(11) If the winning bidder has paid the purchase price and provided sufficient proof of payment, however, he fails to collect the goods within fifteen days of receipt of electronic notice, the tax authority shall safeguard the goods in question for a period of ninety days in accordance with the provisions on responsible custody prescribed in the Civil Code. The costs of responsible custody shall be covered by the winning bidder as charged by way of a resolution of the tax authority. The resolution requesting payment of the said costs shall be treated as an enforcement order in tax administration proceedings. If the winning bidder fails to pay the purchase price with sufficient proof of payment, the bidder with the next highest offer shall be declared the winner.

(12) If an article previously unpaid for is bought at a price lower than offered by the defaulting electronic bidder, such defaulting bidder shall be liable to pay the difference as ordered by the tax authority in a formal resolution. The defaulting electronic bidder shall not be liable to pay the aforesaid difference if the notice that was sent to the winning bidder in a postal consignment that is considered served under the relevant provisions of this Act, and the tax authority adopts a decision in favor of the petition to rebut the presumption of service. In this case the tax authority withdraws the resolution containing the payment order. If there was only one bidder, this bidder shall be obliged to pay the highest price he has quoted. In this case, title to the movable property shall be transferred to the auction buyer only after payment of the purchase price before the operative date of the resolution containing the payment order. The resolution containing the auction buyer’s payment obligation shall be treated as an enforcement order in tax administration proceedings. The amount of difference shall be added to the price received in the course of the auction, and any sum in excess of the debt shall be accounted the same way as enforcement costs. Until satisfaction of the payment obligation imposed by final decision, the auction buyer may not participate in further electronic auctions.

(13) If the second electronic auction is unsuccessful, after six months the bailiff may reschedule the auction where this is deemed warranted by circumstances. If the rescheduled electronic auction is also declared unsuccessful, the auction may be repeated at not less than six-month intervals within the term of limitation for the enforcement of taxes. The provisions of the JEA pertaining to continued auctions shall not apply to electronic auctions.

(14) The state tax authority shall publish the technical requirements concerning electronic auctions and the detailed regulations on how it is operated on its official website as well.

Section 156/B

(1) In accordance with this Section and Sections 156/C-156/G the tax authority shall be authorized to sell real estate property by way of public auction subject to the provisions of auction sale.

(2) Persons banned from participating in auctions may not participate in public auction procedures.

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(3) The tax authority shall announce the public auction by way of an auction notice. The auction notice shall contain:

a) the tax authority’s name, office address, telephone number and number of its deposit account;
b) the enforcement case number;
c) the names of parties and the claim to be recovered;
d) description of the real estate property offered through public auction (lot registration number, owner’s name, ownership percentage, location, any encumbrances remaining after the public auction procedure, appurtenances and special features of the property, whether vacant or occupied, any respite for vacancy) and the date and place when and where the property may be reviewed;
e) the appraised value of the real estate property and the amount of auction deposit;
f) the form in which bids are to be submitted, and the place and calendar date of submission;
g) an indication of the content requirements for bids;
h) the place and date when and where bids are opened, whether the bidders are required to attend the opening procedure in person or by way of proxy;
i) the criteria for the evaluation of bids and the provisions pertaining to bidders.
j) in connection with residential properties, an indication that the municipal government of the community where the residential property is located has rights of pre-emption for the property in question.

(4) The auction notice shall be delivered:

a) to the parties;
b) to the persons holding some right in the property in question registered in the real estate register;
c) to the notary of the community (Budapest district) of competence according to the location of the property;
d) to the real estate supervisory authority.

(5) The auction notice shall be posted for fifteen days, as of the first working day when received, on the bulletin board of the tax authority of the village, town, Budapest district mayor’s office competent for the location of the property and on the bulletin board of the real estate supervisory authority, and shall be published by other suitable means upon the debtor’s request. The period of posting shall be thirty days in connection with residential properties for which the competent municipal government has rights of pre-emption.

Section 156/C

(1) Bids shall contain:

a) the bidder’s name, place and date of birth, mother’s name, home address (main office, company register number);
b) the price offered;
c) proof of payment of auction deposit for ten per cent of the property’s appraised value to the appropriate deposit account;
d) if the buyer’s right to purchase real estate property is subject to authorization by the authorities, a copy of such authorization;
e) a declaration in which to state that the provision of Subsection (2) of Section 156/B (exclusion from bidding) does not apply to the bidder.

(2) Bids shall be submitted made out in an authentic instrument, or in a document endorsed by an attorney, or by a legal counsel for organizations.

(3) The tax authority shall set the deadline for bidding so as to allow at least thirty days from the date when the notice is posted on the tax authority’s bulletin board.

(4) Bids shall be submitted in sealed envelopes, marked “proposal”, by the prescribed deadline in the tax authority’s office, and handed to the officer of the tax authority. Bidders shall be issued a receipt for the bids when they are submitted.

(5) Bidders shall be allowed to modify or withdraw their bids before the bidding deadline for which they are to file a statement in observation of what is contained in Subsection (4) above. Bids may not be modified or withdrawn beyond the bidding deadline.

Section 156/D

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(1) On the date specified in the auction notice, in its office the tax authority shall open the sealed envelopes containing the proposals, and shall read out the names and addresses (registered offices) of the bidders and the prices quoted. The opening procedure shall be recorded in a report.

(2) The opening procedure may be attended by the parties, and/or by the persons holding some right in the property in question as registered in the real estate register, the officers of the tax authority, and by the bidders - including the representatives of municipal governments wishing to exercise their rights of pre-emption - in person or by way of proxy; failure to attend shall have no bearing on the tax authority’s right to continue and to conclude the proceeding.

(3) After the bids are narrated, the tax authority shall check the bids and shall determine which ones are considered valid, and whether the procedure is deemed successful.

(4) A bid shall be rejected if:
   a) submitted past the deadline prescribed in the auction notice;
   b) it does not contain all the information or any statement specified under Subsection (1) of Section 156/C;
   c) the auction deposit is not paid;
   d) the price quoted is below sixty-five per cent of the appraised value, or seventy-five per cent in the case of residential property;
   e) any statement attached with the bid proves to be untrue;
   f) it is not drawn up in an authentic instrument or not endorsed by an attorney or legal counsel.

(5) Bidders whose bids is rejected may not participate in the remainder of the procedure.

(6) If according to the tax authority’s finding, a bid contains any information that is untrue, such bidder may be fined for one hundred thousand forints if a natural person, or for two hundred thousand forints if other.

(7) A public bidding procedure shall be declared unsuccessful if no bids are received or if all bids are rejected.

Section 156/E

(1) If the evaluation of bids requires further action, the tax authority shall postpone the procedure until such action is taken - for maximum fifteen days -, by which date to announce the winning bidder. If no such action is required the winner shall be officially announced and documented without delay. In the prior case, the bidders attending shall be notified verbally of the new date for announcing the winning bidder, while absentee bidders shall be notified in writing without delay.

(2) The tax authority shall announce the highest bid. The bidder offering the highest price shall be declared the winner, whom the tax authority shall notify in writing accordingly. However, the competent municipal government shall be declared winner if exercising its rights of pre-emption granted under specific other legislation in respect of a purchase offer matching the highest bid made for the residential property in question.

(3) If there are several bids containing the same price, the tax authority shall announce this to the parties present and ask for new proposals to be made verbally. This procedure shall be continued until bids are received, upon which the tax authority shall announce the highest bid. The bidder offering the highest price shall be declared the winner, whom the tax authority shall notify in writing accordingly. However, the competent municipal government shall be declared winner if exercising its rights of pre-emption granted under specific other legislation in respect of a purchase offer matching the highest bid made for the residential property in question.

(4) If the bidders whose proposal contained the same quotes are not present, or if the bidders whose proposal contained the same quotes are present but they did not increase the price in question, the public auction procedure shall be declared unsuccessful.

(5) The winning bidder shall pay the purchase price, less the auction deposit, to the tax authority’s deposit account within thirty days of receipt of the final report on the procedure, or - if a demurrer of enforcement was filed against the bidding procedure - of the definitive date of the decision issued to resolve such demurrer. Failure to do so shall result in such bidder's exclusion from the procedure and forfeiture of the auction deposit, which shall be construed part of the proceeds of enforcement. If the purchase price is not paid the tax authority shall declare the procedure unsuccessful.

(6) When the winning bidder has paid the purchase price the tax authority shall forward a draft version of the final report on the bidding procedure to the real estate supervisory authority after thirty days of the date when the procedure was declared successful to enter the buyer’s ownership in the real estate register, and shall notify the

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winning bidder thereof. The regulations pertaining to auction reports shall duly apply to the above-specified draft version as well.

(7) With regard to auction deposits, in terms of set-off or refund, the provisions of Section 148 of the JEA, and to the evacuation and transfer of real estate property sold by way of public auction the provisions of Sections 154 and 154/A of the JEA shall be duly observed.

Section 156/F

(1) When a public auction procedure is declared unsuccessful, the auction notice may be repeated, or the property may be sold by way of an auction, or without auction, but subject to the provisions of auction sale. The auction shall be held under the regulations on second auctions, noting that the bidders whose proposal was not rejected in the previous bidding shall also be allowed to participate. If the property is sold during the second auction at a price lower than the one offered by the defaulting bidder, the tax authority shall instruct him to pay the difference by way of a resolution. A definitive resolution establishing the aforesaid payment obligation shall be treated as an enforcement order in tax administration proceedings.

(2) If the second auction is declared unsuccessful as well, the party seeking enforcement may be granted possession of the property (Sections 158-160 of the JEA).

Section 156/G

(1) The tax authority shall offer movable property for sale by way of public auction if the property offered is of substantial value, and it is in the custody of the tax authority, the independent court bailiff, or the administrator they have appointed. In connection with public auctions the provisions of Sections 156/B-156/F shall apply, subject to the exceptions set out in this Section.

(2) The auction notice shall indicate the description and the appraised value of the movable property offered and if the said property comprises a complex technological, production or service equipment or system, the auction notice shall indicate individual components of such equipment and the characteristics.

(3) Offers shall be fixed in an authentic instrument or a private instrument with full probative force and bidders shall pay ten per cent of the appraised value of the property as auction deposit to the account of the tax authority at the time of submission of the proposal, or in cash to the hands of the appropriate officer of the tax authority before the proposals are opened.

(4) Any offer where the purchase price quoted is less than fifty per cent of the appraised value shall be refused.

(5) The tax authority shall not be liable to pay any interest on the aforementioned auction deposit; it shall be refunded by way of transfer to the losing bidders immediately following the announcement of the results, less the costs of transaction, or shall be repaid to the bidder if it was paid in cash.

(6) The offer of any bidder who fails to appear in person or by way of a proxy in the opening procedure shall be rejected.

(7) The winning bidder shall pay the purchase price in full in cash immediately following the announcement of the results; if the winning bidder fails to pay the purchase price, the bidder with the next highest offer shall be declared the winner and the bidder who failed to pay the purchase price may not participate in the remainder of the procedure, and shall forfeit the auction deposit, which is to comprise part of the proceeds of the enforcement procedure.

(8) Where any movable tangible property previously unpaid for is bought during the prolonged auction at a price lower than offered by the defaulting bidder, such defaulting bidder shall be liable to pay the difference in price immediately, or the tax authority shall instruct him to pay the difference by way of a resolution; a definitive resolution establishing the aforesaid payment obligation shall be treated as an enforcement order in tax administration proceedings.

(9) Upon payment of the purchase price the tax authority shall hand over the property to the winning bidder, whereupon title of ownership of the property shall be transferred to the winning bidder when taking possession. If the public auction procedure is annulled it shall have no bearing on the transfer of ownership rights to a person acting in good faith.

(10) The matters not regulated in this Act shall be governed by the provisions of the JEA pertaining to the sale of movable tangible property by auction.

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Section 157

In the course of an enforcement proceeding the tax authority and the debtor may reach an agreement, covering the reserve price, with the consent of the minister in charge of taxation or the council of the competent municipal government concerning the conveyance to the state or municipal government of the title of ownership or management rights of the movable tangible assets or real estate property confiscated from the debtor, if such assets serve the purpose of fulfilling any state or municipal government function. The tax debt due to the central budget or a municipal government shall be considered paid in the amount specified in such agreement.

Section 158

(1) In connection with the seizure of a hypothecated movable or immovable property the holder of the lien shall be notified in accordance with Section 114 and Subsection (6) of Section 140 of the JEA. In connection with a motor vehicle seized under Section 154, the tax authority shall advise the holder of the lien six months after the time of seizure of the motor vehicle to enter the enforcement procedure.

(2) The court shall convey its decision to the tax authority. For the purposes of the above-specified petition, the attachment proceeding against the judgment debtor shall constitute an attachment proceeding conducted by the tax authority concerning the asset to which the lien pertains.

(3) When the resolution authorizing the involvement of the lien holder becomes definitive, the court shall send its ruling to the tax authority with instructions for the tax authority to send the enforcement documents in connection with the asset to which the lien pertains to the court so as to forward it to the bailiff executing the attachment proceeding. In the application of this Section, the statement of overdue debts claimed by the tax authority shall be treated as an enforcement document.

Legal Remedies in Enforcement Proceedings

Section 159

(1) The judgment debtor or the judgment creditor and any person whose right or rightful interest has been injured by the enforcement may file a demurrer of enforcement with the tax authority of the first instance carrying out the enforcement procedure concerning any of the tax authority’s rulings and against the unlawful actions of the tax administrator (including a court bailiff when acting on behalf of the tax authority) or his failure to take action, within eight days of gaining knowledge of such. No demurrer shall be admissible more than six months after the date on which the cause occurred, and the tax authority shall reject any demurrer of enforcement submitted without any substantive investigation.

(2) The tax authority carrying out the enforcement shall forward the demurrer of enforcement submitted to the superior authority with all documents attached within fifteen days, with the exception if the tax authority carrying out the enforcement is in agreement with all points of the demurrer and it notifies the person having filed the demurrer thereof. The superior authority shall decide such demurrer of enforcement within fifteen days, during which time it shall sustain, overturn or annul the contested measure or shall order the tax administrator to carry out the omitted measure within the prescribed deadline. A demurrer of enforcement lodged in connection with the remuneration of an independent court bailiff acting on behalf of the tax authority carrying out the enforcement shall be heard - in accordance with specific other legislation - by the local court of jurisdiction for the place where the bailiff is established. If the taxpayer files a demurrer of enforcement in connection with an enforcement measure taken for the enforcement of a liability that is shown in the state tax authority’s records based on the data disclosed under Subsection (1a) of Section 43, the state tax authority shall forthwith contact the competent authority for requesting the final resolution. The authority having passed the resolution shall fulfill the request within eight days of receipt. In this case the time limit for deciding the demurrer of enforcement shall commence at the time of receipt of the definitive resolution establishing the payment obligation.

(3) A demurrer of enforcement, unless filed for the second time and with the exception if the demurrer is lodged after the date of auction is announced and that does not contest the legitimacy of the auction, shall have a suspensory
Suspension and Discontinuation of Enforcement Proceedings

Section 160

(1) The tax authority may, at the order of its superior authority, suspend the enforcement of the resolution (ruling) if the resolution (ruling) establishing the payment obligation is likely to be reversed or annulled.

(2) The state tax authority shall have powers to suspend enforcement proceedings relating to duties upon request, if the duty in question is expected to be abolished.

(3) The court shall decide by way of a ruling on the suspension of enforcement at the taxpayer’s request. A judicial review shall have no bearing on the resolution of the tax authority in terms of enforcement.

(4) The enforcement proceeding shall be discontinued:
   a) if the tax authority has authorized deferred payment or payment by installment at the taxpayer’s request;
   b) if a definitive resolution has not been passed concerning a petition for deferred payment or payment by installment, or for the reduction of the tax debt;
   c) upon the taxpayer’s death, or dissolution, until the decision declaring the person to be obliged by resolution to pay the tax becomes definitive;
   d) if a petition lodged for the first time for the suspension of enforcement is pending in the judicial review of the tax authority’s resolution;
   e) if the order demanding payment of tax was issued on the basis of Paragraph f) of Subsection (2) of Section 35 and if the taxpayer is undergoing liquidation, from the time of publication of the opening of liquidation proceedings until the final conclusion of liquidation;
   f) if so ordered by specific other legislation.

(5) The taxpayer’s petition for payment facilities or for reduction of tax debt shall not entail the suspension of the enforcement procedure if:
   a) the tax authority has conclusively resolved the taxpayer’s earlier petition, the taxpayer has withdrawn the petition, or if the tax authority has dismissed the proceedings by way of a binding ruling;
   b) the tax authority has already set the date of auction or advertised the public tender; or
   c) payment facilities or the reduction of debt is excluded by law.

(6) The proceedings shall be discontinued according to Paragraph b) of Subsection (4) as of the day following the day when the petition is received, whereas suspension under Paragraph d) shall begin on the day following the day when the body carrying out the enforcement procedure is informed of the petition.

Enforcement upon Request

Section 161

(1) The bodies imposing or the organizations of record of any payment obligation treated as outstanding public dues enforced as taxes, as well as the beneficiary of such outstanding public dues enforced as taxes, shall contact the tax authority at the earliest after fifteen days following the payment deadline, for the purpose of collection if the amount of such public dues reaches or exceeds 10,000 forints. If payment of such debts at a later date is in jeopardy, the tax authority may be contacted immediately. The provisions pertaining to outstanding public dues enforced as taxes shall also be applied if the municipal tax authority with jurisdiction for collecting public dues contacts another municipal tax authority for the purpose of collection, if the enforcement carried out in its respective area of competence is hindered or is unsuccessful. If the enforcement proceeding of a tax authority is handled on their behalf by a court bailiff, Section 33 of the JEA shall apply.

(2) The letter of request shall contain the data for the identification of the agency requesting collection and the debtor, the legal grounds of the debt, the file number of the resolution (ruling) ordering the payment obligation, the date of such becoming definitive, the payment deadline, the amount payable including any associated charges, and

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the precise description of the relevant legislation that provides for enforcement in the same manner as taxes. If the party requesting collection is required by law to carry out specific enforcement actions, proof of compliance shall be supplied in the request.

(3) Collection shall be instituted by the tax authority only on the basis of exact data, that is to be supplemented if necessary.

(4) The judgment creditor shall immediately inform the tax authority of any changes arising subsequent to its request.

(5) The tax authority shall notify the judgment creditor if the enforcement procedure has failed or if the procedure is dismissed. The costs of the enforcement procedure shall be determined by the tax authority, and it shall be covered by the tax authority and the judgment creditors in proportion to their respective claims. The tax authority shall adopt a resolution to order the judgment creditor to cover the costs in the event where previous notices requesting payment have failed. The said resolution shall be deemed an enforcement order for the purposes of tax administration proceedings.

(6) The judgment creditor, if he has knowledge of any assets of the judgment debtor in the area of competence of another tax authority, shall be entitled to directly contact such tax authority.

(7) The tax authority shall forthwith transfer any sum it has recovered to the beneficiary of the public dues. If the amount collected is insufficient to cover all of the debtor’s liabilities, the tax authority shall apply such revenues as consistent with the various debts and transfer such to the requesting authority.

(8) With the exception of mortgages, outstanding public dues enforced as taxes shall be subject to the provisions governing enforcement procedures.

(9) The tax authority shall not grant any payment facilities in connection with outstanding public dues enforced as taxes, nor may it reduce such debts, and it may not declare it irrecoverable.

(9a) Where an application for payment facilities, reduction (remission) relating to outstanding public dues enforced as taxes is submitted to the tax authority, the tax authority shall forward such applications within five days of receipt to the creditor requesting enforcement. The tax authority shall not check these applications as to merit and as to whether the application is justified.

(9b) Where a request for payment facilities, reduction (remission) relating to outstanding public dues enforced as taxes is submitted to the beneficiary of the public dues (creditor requesting enforcement), the beneficiary (creditor requesting enforcement) shall forthwith notify the tax authority thereof upon receipt of the request.

(9c) The suspension of such enforcement procedures shall be governed by Subsections (4)-(6) of Section 160.

(9d) The beneficiary of outstanding public dues shall inform the tax authority of its decision concerning the request by way of electronic means, as far as possible. The beneficiary of outstanding public dues shall communicate its decision concerning the request to the tax authority, showing the exact amount to be recovered after hearing the request for payment facilities, reduction (remission), and - if payment facilities are granted - on the duration of suspension of the enforcement procedure. If the debtor satisfied his outstanding debts based on the payment facilities or reduction granted, the beneficiary (creditor requesting enforcement) shall withdraw its request, or shall notify the tax authority in the event of non-compliance, indicating the amount outstanding, upon which the tax authority shall take action for the enforcement of such sums.

(10) The provisions under this Section shall not apply in respect of sums paid from the central budget, which are treated as debts owed to the State on account of government surety facilities, guarantees or counter-guarantees - including the surety fees - which sums are to be enforced (recovered) in the manner of taxes.

Enforcement Upon Request by the Municipal Tax Authority

Section 161/A.

(1) Subject to the exceptions set out in this Section, the state tax authority shall enforce - when so requested by the municipal tax authority - debts stemming from local business taxes and motor vehicle taxes owed to the municipal tax authority, according to the rules on the recovery of outstanding public dues that are enforced as taxes.

(2) The municipal tax authority shall file a request to the state tax authority for the enforcement of any debt of at least 10,000 forints on a monthly basis, by the 15th day of the following month. There is no need to indicate in the request the legislation that provides for the enforcement of debts owed to municipal tax authorities.

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(3) The municipal tax authority shall attempt, before making the request to the state tax authority, to recover the debt by means of transfer of funds between accounts or by way of withholding, where the conditions therefor exist.

(4) In order to secure the debt, the state tax authority shall have powers to register a mortgage on any real estate property owned by the debtor.

(5) The request of the municipal tax authority may not pertain to any debt in respect of which the municipal tax authority has already contacted the state tax authority concerning the exercise of the right of withholding.

(6) Where requests are submitted by more than one municipal tax authority, the sum recovered by the state tax authority shall be allocated to the municipal tax authority whose request was first received by the state tax authority.

(7) The tasks prescribed in Section 147 of this Act shall be carried out by the municipal tax authority.

**Records of Irrecoverable Tax Debts**

*Section 162*

(1) The tax authority carrying out the enforcement procedure shall, in the absence of assets that may be levied in execution, declare the tax debt of a taxpayer and debts owed to the State on account of government surety facilities irrecoverable, and shall register such debts under such title until they become recoverable before the right of enforcement lapses.

(2) The tax authority shall declare tax debts registered as irrecoverable enforceable once again, if they become recoverable inside the term of limitation of the right of enforcement.

(3) The tax authority establishing the tax debt may keep tax debts of less than 10,000 forints on record, whether or not the conditions prescribed in Subsection (1) exist, if the measures to be taken for collection would generate costs disproportionate to the debt. The tax authority shall keep separate records of such tax debts.

**Costs of Enforcement Procedures**

*Section 163*

(1) The taxpayer, or the person liable for the payment of outstanding public dues enforced as taxes shall cover - in accordance with specific other legislation - the costs (out-of-pocket expenses) incurred in connection with enforcement, and - additionally - fixed enforcement expenses, subject to the exceptions set out in specific other legislation.

(2) The tax authority shall adopt a ruling specifying the costs, the amount of which may not be less than 5,000 forints in respect of the enforcement of movable and real estate property.

(3) If a demurrer of enforcement is lodged against a ruling ordering a precautionary measure and it is annulled by the competent superior authority, the costs of the precautionary measure shall be borne by the tax authority.

**Term of Limitation**

*Section 164*

(1) The right of tax assessment shall lapse five years after the last day of the calendar year in which the taxes should have been declared or reported, or paid in the absence of a tax return or declaration. Unless otherwise provided for by law, the right of claiming central subsidy or for applying for refund of any overpayment shall lapse five years after the last day of the calendar year of commencement of eligibility. The term of limitation shall be extended by six months if, at the time the tax return is filed late or the central subsidies are claimed, there are fewer than six months left until the right to file taxes or the right to claim central subsidies lapses.

(1a) In the case of any:

a) budget fraud (Criminal Code, Section 310);

b) fraud (Criminal Code, Section 318);

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(c) unlawful economic advantage in effect until 31 December 2011, tax fraud or any employment related tax fraud; or

(d) violation of the obligation of payment of social security, health insurance, or pension contribution in effect until 1 September 2005;

established by final court decision, if the offense involves taxes, contributions or budgetary subsidies, the term of limitation for the right for tax assessment shall prevail for as long as the term of limitation for the crime itself remains in effect.

(1b) The provisions of Subsection (1a) shall also apply:

(a) if the perpetrator is not punishable, or his punishment may be reduced without limitation for reasons of having paid his debt to the tax authority’s designated account before the indictment, following which he was acquitted, or

(b) if the perpetrator was reprimanded and consequently dismissed according to Section 71 of the Criminal Code.

(2) A declaration of self-audit shall interrupt the term of limitation described in Subsection (1) if the tax difference is to the taxpayer’s benefit.

(3) If, after the right of tax assessment has lapsed, the tax authority or its superior authority declares part or all of the tax assessment unlawful, it shall restrict or cancel the right of tax assessment in terms of the unlawful tax assessment within the term of limitation of the right of enforcement of tax debts.

(4) The right of assessment of duties shall lapse five years after the last day of the calendar year in which the accession of wealth was reported to the state tax authority for dutiable purposes or in which the state tax authority gained knowledge of the omission of payment of duty or reporting for the imposition of duty.

(5) If a resolution of the tax authority is reviewed by court, the term of limitation for the right of tax assessment shall be dormant from the operative date of the tax authority’s decision in the second instance filing until the court’s decision becomes definitive or until the conclusion of the judicial review where applicable.

(6) The right of enforcement of tax debts and disbursement of central subsidies shall lapse five years after the last day of the calendar year in which it is due. If the tax authority initiated an act of enforcement, the term of limitation shall be extended by six months. The term of limitation for the right of enforcement of tax debts shall be disrupted if the tax return is filed in delay. Where liquidation proceedings are opened against a taxpayer, the term of limitation for the right of enforcement of tax debts shall discontinue on the day of publication of the ruling for ordering the opening of proceedings for the taxpayer’s liquidation and it shall remain dormant until the day of publication of the ruling terminating the liquidation proceedings. If the right of enforcement of taxes, penalties and central subsidies received without eligibility has lapsed, the default interest charged on such debts shall be considered to have lapsed as well.

(7) The term of limitation shall be dormant for the duration of suspension of the enforcement proceeding, for the period of any criminal attachment ordered upon the taxpayer’s assets and for the duration of payment facilities or tax exemptions subject to certain conditions as provided for by law. Registration of a lien shall be treated the same as suspension of enforcement for the purposes of a suspended term of limitation.

(8) Unless otherwise provided for by the relevant legislation, the provisions of Subsections (6)-(7) shall be applied in respect of the term of limitation for the right of enforcement of outstanding public dues enforced as taxes.

(9) If the tax authority approves a petition filed to rebut a presumption of service pertaining to a decision establishing tax liability or to a ruling adopted in an enforcement procedure, the term of limitation of the right of tax assessment and the right of enforcement shall be dormant from the time of service until the ruling on the approval of the petition contesting the service.

(10)

(11) Unless otherwise provided for by the international agreement on double taxation, a mutual agreement procedure prescribed in the international agreement on double taxation shall be opened on condition that the request for opening the procedure or any notice based on which the procedure may be opened shall arrive from the competent authority of the other Member State to the competent Hungarian authority within the term of limitation of the right of tax assessment or tax refund. In the course of a mutual agreement procedure the tax authority shall have powers to continue to carry out further control procedures beyond the term of limitation. An agreement reached in conclusion of the mutual agreement procedure shall be enforced in connection with any tax period that have already expired at the time of signature of the agreement.

In connection with probate proceedings, the term of limitation of the right to tax assessment, the right of enforcement of tax debts and the right of claiming central subsidy shall be dormant from the day of the taxpayer’s death until the decision rendered in conclusion of the probate proceedings becomes operative.

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(13) The term of limitation of the right of tax assessment shall be extended by six months:
   a) on one occasion if the superior tax authority orders new proceedings within the framework of proceedings of the second instance, or
   b) the superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV orders new proceedings in the course of a supervisory measure, or
   c) the court orders new proceedings within the framework of review of the tax authority’s resolution.

Section 164/A

(1) The provisions relating to the enforcement of outstanding public dues enforced as taxes and to the term of limitation for the right of enforcement shall apply subject to the provisions of this Section, if the tax authority is carrying out an enforcement procedure according to Section 99 of the PFA.

(2) The right for enforcement shall lapse after ten years from the last day of the calendar year in which the aid was due. For the purposes of the term of limitation for the right of enforcement, due date shall mean the payment deadline specified in the administrative decision or payment warrant issued by a Hungarian administrative body or other agency based on the decision of the Commission of the European Communities for the recovery of State aid. Unless otherwise prescribed by law, payment deadline shall mean the fifteenth day following the operative date of the decision or the date of delivery of the payment warrant.

(3) The term of limitation shall be suspended relating to the decision of the Commission of the European Communities for the recovery of State aid or the decision of the Hungarian administrative body ordering the obligation of repayment for the duration of proceedings pending before the Court of Justice of the European Communities. Where the time of the opening of proceedings before the Court of Justice of the European Communities on the subject of recovery precedes the due date referred to in Subsection (2), it shall have no bearing on the request forwarded to the tax authority nor on carrying out the enforcement, in which case the term of limitation for the right of enforcement shall begin on the due date and it shall be suspended from the day immediately following the due date for the duration of proceedings pending before the court.

(4) The term of limitation for the right of enforcement shall be interrupted if the Commission of the European Communities launches infringement procedures before the Court of Justice of the European Communities for failure to carry out the decision ordering recovery under Article 88 (2) or Article 228 (2) of the EC Treaty, or takes any other measure relating to the decision on recovery. The term of limitation for the right of enforcement shall be interrupted when the tax authority has initiated any act of enforcement. In connection with any matter relating to the beneficiary taxpayer, the term of limitation for the right of enforcement shall be interrupted if the Commission of the European Communities issues a measure (notice, edict, resolution of conditions) for the suspension of payment of any new aid to the beneficiary taxpayer due to his failure to comply with the order of recovery pending compliance with the obligation of repayment.

Chapter VIII

LEGAL CONSEQUENCES

Default Penalty

Section 165

(1) In the event of late payment of tax or if central subsidies are used prior to eligibility, a default penalty shall be paid from the due date or until the date of eligibility, respectively, except if the duty has been cancelled under Subsection (5) of Section 21 of the Duties Act, or under Paragraphs b), c), g) of Subsection (1) of Section 80 of the Duties Act upon the termination of the transaction, or if abandoned with intent to restore the original status quo, or in the absence of acquisition of any property.

(2) The default penalty shall be calculated at a rate of 1/365 of double the prevailing central bank base rate for each calendar day. No default penalty shall be charged on default penalties.

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(3) Under special and equitable circumstances, the tax authority may postpone the due date for tax payment or the date of eligibility for central subsidies, ex officio or upon request, past the initial date for a default penalty payment, in a resolution establishing tax arrears. Default penalty on tax arrears may be imposed for the period between the original due date and the date of the audit report, but for no more than three years. The base for the default penalty on tax arrears may not be reduced by the sum of any overpayment made in relation to another tax payable to the same tax authority at the due date.

(4) The amount of default penalty may not be reduced concerning any tax arrears where no reduction of fine is permitted.

Section 166

No default penalty shall be imposed for any period of delay that is justified by the taxpayer. Justification shall be accepted only if the delay was caused by unavoidable external reasons beyond the taxpayer’s control.

Section 167

(1) In respect of any default penalty charged, the penalty base shall be calculated separately for each type of tax and central subsidy unless they are registered on the same account. The base for the default penalty shall be reduced by the sum of any overpayment made in relation to another tax that is due and payable to the same tax authority at the due date (net surcharge). The debt for which payment facilities were granted shall be ignored when calculating net surcharges.

(2) The tax authority shall compare the taxpayer’s tax return or application and his liabilities stipulated by resolution with the taxes and tax advances paid or refunded and with the central subsidies disbursed, and it shall establish the default penalty on such basis. Taxpayers may also pay the default penalty by virtue of their own calculations, regardless of notification.

(3) The tax authority shall cancel any erroneously imposed default penalty ex officio or upon request. If a taxpayer continues to dispute the amount of a penalty, a decision shall be adopted by the superior tax authority in the form of a resolution.

Self-Audit Surcharge

Section 168

(1) Any taxpayer correcting the amount of taxes or central subsidies by way of self-audit shall be subject to a self-audit surcharge.

(2) The self-audit surcharge shall be calculated by the taxpayer separately for each type of tax and central subsidy based on the difference of the tax or subsidy declared and corrected, and it shall be paid at the time of filing.

(3) The self-audit surcharge shall be 50 per cent (or 75 per cent for any repeated revision of the same return) of the default penalty compounded from the first day past the deadline for filing the tax return up to the day on which the self-revision is submitted. If the self-audit does not result in any additional tax payment obligation because the taxpayer has already paid his taxes in full at the original due date, or in a subsequent tax return or in the course of a previous self-audit, the amount of surcharge to be paid shall be determined according to the general rules; however, if the amount exceeds 5,000 forints - or 1,000 forints for private individuals - it shall not be declared and paid. If the self-audit does not result in any additional tax payment obligation because the tax that was not declared and paid would have been deductible during the following declaration period, the amount of self-audit surcharge may not exceed the amount of self-audit surcharge to be charged for the period between the two declaration deadlines. The same provision shall apply for determining the amount of self-audit surcharge if a taxpayer has entered a sum of value added taxes charged on imported products following the date of commencement of eligibility for tax deduction, in the tax return for the previous tax period as deductible.

(4) If the value added tax return of several consecutive tax periods had to be revised because the taxpayer corrected the amount of accumulated tax that is deductible but not refundable, due to errors in the declaration filed

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for an earlier declaration period, the base of the self-audit surcharge shall be the difference shown in the first erroneous tax return.

(5) No surcharge shall apply when the taxpayer revises his tax return by self-audit on account of any delay or an error in the certificate supplied by the employer or payer.

(6) The self-audit surcharge may be reduced upon request if the taxpayer’s error is excused by evidencing circumstances that would otherwise serve as grounds for reducing the fine.

(7) No self-audit surcharge shall be assessed in connection with any correction the employer (payer) makes in the electronic monthly tax return or contribution declaration due to errors attributable to the private individual affected.

(8) Where a taxpayer who is required to file a declaration on tax applicable to certain big ticket items has declared the value of residential property within a 10 per cent margin of error relative to the true market value, and he conducts a self-audit in consequence, the taxpayer shall not be liable to pay a self-audit surcharge in connection with the residential property in question. In connection with any subsequent self-audit, or if the margin of error is higher than 10 per cent, the legal consequences pertaining to tax arrears shall be established according to the relevant general provisions, with the exception that the self-audit surcharge shall be assessed from the first day following the due dates for the payment obligations to which it pertains.

Section 169

A taxpayer shall be relieved from paying tax penalties and default penalties by declaring his corrected tax base, taxes and central subsidies established by self-audit, and from paying tax penalties and default penalties as due up to the date of self-audit by paying his corrected and unpaid taxes, a self-audit surcharge and by repaying the central subsidies he was ineligible to receive.

Tax Penalty

Section 170

(1) Tax arrears shall be sanctioned by tax penalties. Unless otherwise provided for by this Act, the tax penalty shall be 50 per cent of the tax arrears on which it is imposed. The tax penalty shall be 200 per cent of the tax arrears, if it relates to the concealment of revenues or the falsification or destruction of documents, books or records. The tax authority shall also impose a tax penalty on taxpayers who apply for subsidies or tax refunds without eligibility or who file declarations for application, subsidy or refund and if the lack of eligibility is established by the tax authority prior to disbursement. The penalty in such cases is imposed based on the amount claimed without eligibility.

(2) A tax difference established to the debit of a taxpayer shall be considered tax arrears; in the case of self-assessment, it shall be regarded as such only if the tax difference has not been paid up to the due date or if central subsidies have been claimed. Any overpayment prevailing on the due date shall be transferred in payment of a tax liability only if the overpayment prevails on the day of commencement of an audit.

(3) By way of derogation from the provisions of Subsection (2), the correction of the base of the property acquisition duty by posteriori tax assessment shall not be considered as tax arrears on condition that the taxpayer has declared all of the property items that are subject to such duty.

(4) If the tax authority concludes on the basis of the findings of a subsequent audit that the taxpayer claimed the value added tax charged on imported products after the commencement of eligibility for tax deduction but in a tax return relating to the previous tax period, the basis of the tax penalty shall be the value added tax arrears established for the entire period audited.

(5) No tax penalty may be imposed:

a) upon the private individual for any tax arrears resulting from a false tax certificate issued by an employer or payer;

b) upon the taxpayer’s heir, or a person to whom the taxpayer has donated a gift, for the taxpayer’s tax liability;

c)

(6) If the employer (payer) failed to satisfy the obligation of assessment, withholding and declaration of contributions in compliance with the provisions of this Act, the tax authority shall charge the relating tax arrears, the tax penalty and the default penalty on the tax arrears upon the employer (payer) pursuant to the applicable

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regulations, unless such tax arrears are the result of the taxpayer’s illegal formal statement. If the employer (payer) failed to satisfy the obligation of assessment, withholding and declaration of personal income taxes in compliance with the provisions of this Act, the tax authority shall charge the relating tax arrears to the private individual affected, the tax penalty and the default penalty on the tax arrears upon the employer (payer) pursuant to the applicable regulations. The tax authority shall charge the tax arrears, and the tax penalty and default penalty upon the employer (payer), if the employer (payer) withheld the tax advance, tax and/or contribution from the private individual, but failed to file the related declarations as required.

Section 171

(1) The amount of tax penalty may be reduced or cancelled ex officio or upon request under special and equitable circumstances if it is evident from the circumstances that the taxpayer or his representative, employee, member or agent has acted with due care in the given circumstances. All circumstances of a case shall be taken into consideration when reducing a tax penalty, particularly the amount of the tax arrears, the conditions and background of its occurrence, and the gravity and frequency of the taxpayer’s unlawful conduct (commission or omission).

(2) A tax penalty shall not be reduced, either ex officio or upon request, if the tax arrears pertain to the concealment of revenues or the falsification or destruction of documents, books or records.

(3) Any tax penalty levied shall have no effect on a default interest payment obligation.

Default Penalty

Section 172

(1) Subject to the exception set out in Subsection (2), taxable private individuals may be fined up to 200,000 forints and other taxpayers up to 500,000 forints:

a) for late performance of compulsory notification (registration, reporting changes) or data disclosure or if the information supplied is incorrect, false or incomplete;

b) for meeting the obligation to file a tax return and reporting the acquisition of property (hereinafter referred to collectively as “declaration obligation”) after the deadline for filing, but prior to a notification or inspection by the tax authority, and offering no excuse for the delay (delay in filing);

c) for non-compliance with the obligation of notification (registration, reporting changes), data disclosure or opening a current account, or the obligation to file a tax return;

d) if engaged in any activity that requires a tax number or that is subject to taxation in the absence of a tax number;

e) for failure to issue the accounting documents or keep the books and/or records prescribed by the relevant legislation or if the documents are not made out in conformity with regulations and the books and records are incomplete or not maintained in conformity with regulations, for any violation of its own regulations drawn up according to the Accounting Act, in the case referred to in Section 174/A, and if the financial report published does not contain any information that is deemed material for the purposes of the financial report or the information shown is incorrect (for the purposes of the financial report, information is material if its omission or misstatement could influence - within reason - the economic decisions of users taken on the basis of the financial report);

f)

g)

h) for producing and/or marketing printed forms and/or invoice software in violation of the conditions laid down in specific other legislation adopted by authorization conferred under this Act;

i) for failure to file a formal statement or for unlawfully refusing to testify;

j) for filing a false statement regarding any outstanding public dues when applying for central subsidies (tax refund);

k) for making a false statement about reaching the upper limit of compulsory contributions;

l) for obstructing an inspection, store closure or enforcement procedure by failing to appear, by violating the obligation to cooperate or by acting in any other obstructive or recalcitrant manner, by means if - for example - the taxpayer produces for the purpose of assessment by estimation contractual relations involving other taxpayers as evidence, and if the related inspection fails to turn up any evidence to support the taxpayer’s allegation;

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m) for any failure to comply with the obligation of registration in due time for taxpayers required under this Act to file their tax returns electronically;

n) for making a false statement of having satisfied all declaration and payment obligations by the last day of the month preceding the month when the register of taxpayers free of tax debt obligations is published with the application for admission into the register.

ny) for making a false statement concerning any travel services received, or for failure to make a statement in the application of Chapter XV of the Act on Value Added Tax.

(2) Taxpayers may be fined up to one million forints for any failure to meet the obligation to issue invoices, simplified invoices or receipts, or for issuing invoices, simplified invoices or receipts for an amount other than the actual consideration received. Taxpayers shall be fined up to one million forints for employing a non-registered employee currently or previously. If the taxpayer has complied with the obligation of notification of any new employment contract before the commencement of the audit in respect of the entire duration of employment, the tax authority shall proceed in accordance with what is contained in Subsection (6), or in Subsection (21).

(2a) In connection with an employment relationship concluded with several employers, in the event of failure to designate an employer in writing as prescribed in Subsection (4b) of Section 16, a financial penalty up to 500,000 forints may be imposed upon each employer participating in such employee sharing arrangement in accordance with the Labor Code.

(3) In addition to what is contained in Subsection (2), in connection with any failure to meet the obligation to issue invoices, simplified invoices or receipts a fine between 10,000 and 50,000 forints may be imposed, in addition to the taxpayer, upon the taxpayer’s employee or representative, and also upon the private individual involved in selling the goods in question.

(4) Where an employer or payer supplies incomplete or false information in the tax return containing payments made to a private individual which are subject to tax and contribution liability, or fails to file the tax return altogether, the upper limit of the default penalty that may be imposed shall be calculated by multiplying the number of employees affected by the highest amount of the penalty otherwise applicable to the taxpayer as prescribed by law.

(5) The upper limit of the default penalty that may be imposed for non-compliance with the obligation of notification of employers shall be calculated by multiplying the number of employees not notified by the highest amount of the penalty otherwise applicable to the taxpayer as prescribed by law.

(6) For the delay referred to in Paragraphs a)-b) of Subsection (1), no default penalty shall be imposed if the taxpayer is able to prove that he proceeded as is reasonably expected in the given situation.

(7) Where a penalty is imposed for non-compliance with the obligation of notification, registration, reporting changes, declaration, data disclosure or opening a bank account, or the obligation of issuing receipts, the tax authority shall simultaneously order the taxpayer to comply within the prescribed deadline. In the event of a taxpayer’s failure to meet the deadline prescribed by resolution, the fine imposed shall be doubled and ordered payable within the new deadline prescribed. In the event of compliance with the original deadline, the fine imposed pursuant to the previous sentence of this Subsection may be reduced at the tax authority’s discretion. If the taxpayer is undergoing liquidation or dissolution, and is no longer able to comply at the time when the default penalty is imposed, the tax authority shall not dispatch the notice referred to in the first sentence of this Subsection.

(7a) If the taxpayer fails to satisfy the obligation of deposit and publication of the financial report prepared pursuant to the Accounting Act within the time limit prescribed in the first notice of the state tax authority dispatched according to Section 174/A, the state tax authority shall impose a default penalty of up to one million forints upon the taxpayer.

(8) Where a default penalty is imposed for the pursuit of taxable activities without a tax number, the tax authority shall deliver to the taxpayer its resolution regarding the penalty and the seizure of stocks by way of public notice, and such resolution shall be executable as of the date of notification, irrespective of any appeal. If the tax authority decides not to exercise the right of seizure, the resolution shall be communicated to the taxpayer according to the general rules.

(8a) In addition to levying a default penalty, the tax authority may impose another financial penalty in lieu of store closure where the activities are not carried out in a commercial establishment, if the taxpayer:

a) employs or employed unregistered employees;

b) supplies goods of unverified origin;

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c) fails to comply with the obligation to issue an invoice or receipt in the same premises used for the purposes of taxable activities (market, mobile retail outlet, etc.) for the second time within one year of the first inspection.

In the event of a repeat offense of the above infringement the financial penalty imposed in lieu of store closure shall be imposed repeatedly, on each occasion. The upper limit of the default penalty that may be imposed shall be 200,000 forints for private individuals, and 500,000 forints for other taxpayers.

(9) For any obstruction of a control, store closure or enforcement procedure by a private individual who is not treated as a taxpayer, a penalty may be imposed under Paragraph l) of Subsection (1) hereof. Where store closure is not permitted by law or the taxpayer blocks the implementation of store closure, or opens a store that has been closed down, the upper limit of the default penalty shall be calculated by multiplying the number of days prescribed in the resolution for store closure by the highest amount of the penalty otherwise applicable to the taxpayer as prescribed by law.

(10) A default penalty of up to 20,000 forints may be imposed on private individuals and up to 100,000 forints on other taxpayers for filing a defective tax return. If a tax return that is filed late is also defective, the taxpayer may only be sanctioned for the delay.

(11) In connection with a procedural fee that is due at the commencement of the procedure as notified, if it is not paid in full by the deadline prescribed, a default penalty up to 100 per cent of the unpaid duties, not to exceed 100,000 forints, may be imposed.

(12) If a taxpayer fails to pay at least 90 per cent of the tax amount estimated for the tax year (including tax advances paid during the year) by the due date, a 20 per cent default penalty shall be charged on the difference between the prepayments and the said 90 per cent of the tax.

(13) A default penalty of up to 20 per cent shall be imposed if a taxpayer’s tax advance prescribed (declared) on the basis of the previous period has been reduced as a consequence of which the tax advance paid was less than should have been paid on the basis of the taxpayer’s actual results. Such fine shall be imposed on the difference between the tax advance prescribed (declared) on the basis of the previous period and the reduced tax advance.

(14) The default penalty payable in respect of an employer’s (payer’s) failure to meet the obligation of tax deduction (in part or in full) or, with respect to persons required to collect specific local taxes, the obligation of collection and the failure to pay the assessed and deducted taxes in due time shall be 50 per cent above and beyond the default interest. The amount of the penalty shall be based on the amount of tax not deducted, collected or paid.

(15) For any violation of the tax obligations prescribed in this Act, in other acts concerning taxation or other relevant legislation established by authorization of these acts - other than the violations specified in this Section, a default penalty of up to 50,000 forints may be imposed upon private individuals and up to 100,000 forints upon other taxpayers.

(16) Any taxpayer who violates the provisions contained in Paragraph e) of Subsection (1) hereof concerning the requirement of documentation and to keep records relating to the determination of fair market value, and to transactions with controlled nonresident companies, or who breaches the obligation to retain documents shall be subject to a penalty of up to two million forints for each register (combined register), or up to four million forints for each register (combined register) in the case of repeat offenses. In the event of any repeat offense concerning the keeping of the same register, a default penalty of up to four times the penalty imposed for the first offense may be imposed upon the taxpayer. In the event of compliance with the original deadline, the fine imposed pursuant to the previous sentence of this Subsection may be reduced. For the purposes of this Subsection the provisions on repeat offenses shall not apply where two consecutive infringements are committed more than two years apart.

(17) Any taxpayer who infringes upon the obligation of disclosure of the information specified in Subsection (2) of Section 36/A of this Act in connection with the contracts for the implementation of public procurement contracts shall be subject to a penalty up to 20 per cent of the amount of payments, for each payment.

(18) In the event of non-compliance with the statutory obligation to retain invoices, the tax authority shall levy a default penalty upon the customer to whom the goods or services had been supplied in the amount up to 20 per cent of the market value of the goods or services supplied.

(19) Where the taxpayer supplies goods of unverified origin, the tax authority may impose a default penalty in the amount up to 40 per cent of the market value of the goods in question, or up to 200,000 forints in the case of private individuals and up to 500,000 forints for other taxpayers.

(20) If a taxable private individual submits a notice referred to in Subsection (4) of Section 31 due to his delay in filing the income tax return, a default penalty for his delay in filing may not be imposed until 20 November of the

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calendar year to which the tax return pertains, unless the taxpayers submits the tax return before 20 November and fails to proffer a valid excuse.

(20a) A default penalty of up to one million forints may be imposed upon the taxpayer for failure to comply with the obligation to retain documents. If the taxpayer fails to comply with the obligation to retain printed invoices and/or cash receipts, irrespective of whether the invoice or cash receipt had in fact been used, the amount of default penalty that can be imposed shall be up to 200,000 forints in the case of private individuals and up to 500,000 forints for other taxpayers, multiplied by the number of missing invoices and/or cash receipts.

(20b) If the persons referred to in Paragraphs a)-b) of this Subsection fail to rearrange, replace, correct or repair or revise their documents, records, registers and declarations within the prescribed time limit upon receipt of the tax authority’s notice:

a) in procedures for verifying the authenticity of economic events a default penalty may be imposed up to 10 per cent of the net value of invoices related to the economic events under review in the case of taxable private individuals and private individuals not treated as taxpayers, or up to 50 per cent of the net value of invoices related to the economic events under review in the case of other taxpayers, in both cases up one million forints at most,

b) in all other cases a default penalty up to one million forints may be imposed.

(20c) If, pursuant to Section 464/A of Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations, the taxpayer is relieved from having to assess the tax arrears on any tax allowance claimed unlawfully, a default penalty shall be imposed in the amount of 15 per cent of the tax allowance claimed unlawfully, but at least 100,000 forints, unless the taxpayer is able to prove of having carried out the required wage improvement with respect to all workers of continuous employment retroactively, before the date of opening of the audit.

(20d) If the statement made by the taxpayer in connection with the value added tax refund as regards the condition specified in Subsection (4a) of Section 37 is false, the tax authority shall have the option to impose a default penalty for up to 5 per cent of the amount of VAT refund shown in the tax return, or up to two hundred thousand forints in the case of private individuals, and up to five hundred thousand forints in the case of other taxpayers.

(20e) If the statement made by the taxpayer in connection with the value added tax refund as regards the condition specified in Subsection (4a) of Section 37 is false, the tax authority shall have the option to impose a default penalty for up to 5 per cent of the amount of VAT refund shown in the tax return, or up to two hundred thousand forints in the case of private individuals, and up to five hundred thousand forints in the case of other taxpayers.

(20f) The tax authority shall liquidate the property items seized as security in accordance with the provisions on judicial enforcement in the event of the taxpayer’s failure to pay the fine within fifteen days of the due date.

(21) When imposing a default penalty - with particular regard to the cases defined in Subsections (4) and (5) -, the tax authority shall weigh all prevailing circumstances of the infringement, particularly its gravity and the frequency of the taxpayer’s unlawful conduct (actions or negligence), and whether the taxpayer or his acting representative, employee, member or agent acted with due diligence in the manner expected in the given situation. Upon weighing the circumstances, the tax authority shall impose a penalty that is consistent with the gravity of the offense or shall refrain from imposing a penalty.

Measures

Section 173

(1) The tax authority, upon imposing a penalty on a private individual or other taxpayer who is engaged in any entrepreneurial activity that requires a notification or registration by the court of registry, or that is subject to taxation in the absence of a tax number, may seize the means used for the activity performed without notification or in the absence of being registered by the competent court of registry or, in respect of manufacturing operations, the result thereof or the goods in stock, with the exception of perishable goods and live animals, up to the value of the fine imposed as security and shall stipulate this action in the resolution for imposing the penalty. The tax authority shall carry out the seizure in the presence of two official witnesses and shall draft a report on the procedure, seal off the property seized or remove it from the premises for safeguarding at the expense of the taxpayer affected.

(2) The tax authority shall liquidate the property items seized as security in accordance with the provisions on judicial enforcement in the event of the taxpayer’s failure to pay the fine within fifteen days of the due date.

(3) The tax authority shall return the part of the proceeds from the sale of such goods over and above the fine, surcharge and costs to the taxpayer concerned.

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Section 174

(1) The tax authority shall impose a default penalty and may close down any premises used for the purposes of taxable activities for twelve business days, if the taxpayer:
   a) employs or employed unregistered employees;
   b) supplies goods of unverified origin;
   c) fails to comply for the second time with the obligation to issue an invoice or cash receipt in the same premises used for the purposes of taxable activities (shop, store, plant etc.) within one year of the first inspection.

(2) In the event of any repeated occurrence of the infringement referred to in Subsection (1), the premises shall be closed down for thirty business days, and sixty days for each additional instance. The provisions pertaining to repeat offenses shall not apply where the same type of infringement is committed three years apart.

(3) The tax authority’s resolution on the fine and closing down the premises is executable irrespective of any appeal. Such resolution shall specify the duration of closure, and the tax authority shall notify the taxpayer concerning the opening date of implementation of the resolution. When closing down the premises, the taxpayer shall be provided ample time to remove any perishable goods and live animals and make arrangements for the storage and safeguarding of other inventories. The taxpayer shall be liable for any damages sustained by third parties in consequence of such measures.

(4) Premises that have been closed down shall be sealed by the tax authority with the closing period clearly indicated along with the fact that the premises have been closed down by the tax authorities. If the closing down procedure is obstructed the tax authority may request the assistance of the police.

(5) If a taxpayer performs his activity on premises shared with another taxpayer, the provisions set out in Subsection (4) shall be applied in respect of the section (sections) of the premises used by the taxpayer who fails to meet his obligation or the objects used by such taxpayer for his activity.

(6) Premises may not be closed down if they are located in the taxpayer’s home or in rooms that cannot be technically separated from the taxpayer’s home, or if closing down the premises prevents the supply of the respective settlement to satisfy basic local needs in respect of the sphere of business of the shop to be closed down, meaning in particular the supply of foodstuffs or services which are not available elsewhere in the community.

(7) As regards the applicability of store closure for a first offense the tax authority shall weigh the considerations of equity available in connection with cases of levying a default penalty.

Section 174/A

(1) In the event of non-compliance with the obligation of depositing and publication of the financial report prepared pursuant to the Accounting Act, or in the event of non-payment of publication charges to the company information service, the state tax authority shall impose the default penalty under Paragraph e) of Subsection (1) of Section 172 and shall - within fifteen days of the said deadline or of the time of notice of non-payment - advise the taxpayer affected to discharge the obligation in question within thirty days. If the taxpayer fails to comply with the said obligation within the prescribed time limit, the state tax authority shall - on the next day following the deadline - impose the default penalty under Subsection (7a) of Section 172 and shall order the taxpayer once again to comply within a period of sixty days. If the taxpayer fails to comply with the obligation of deposit and publication inside the time limit prescribed in the second notice, the state tax authority shall ex officio withdraw the taxpayer’s tax number without suspension and shall so inform the competent court of registry by way of electronic means without delay, and shall move to have the company declared terminated.

(2) Subsection (1) shall not apply if the taxpayer was undergoing bankruptcy or liquidation proceedings at the time of the infringement.

Chapter IX

MISCELLANEOUS PROVISIONS

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Printed Forms, Electronic Forms, Administration of Tax Matters Electronically, Authorizations for Regulation

Section 175

(1) The tax authority may introduce printed forms and standard electronic forms for reports, tax returns, for applying for prepayments and more frequent allocation of central subsidies, data disclosure, formal statements made upon request for correcting tax returns, self-audit, payment of tax, transfers between tax account and cross-verification of tax accounts related to the performance of tax liabilities. Documents produced on a computer and completed with the help of the program published on the tax authority’s official website, printed out and signed by the taxpayer and sent or transmitted to the tax authority by way of electronic means, shall be construed as equivalent to the printed forms prescribed and introduced by the tax authority.

(2) The obligation of notification (reporting changes) in connection with local business taxes and tourism taxes shall be fulfilled using the standard form prescribed by the minister in charge of taxation for this purpose.

(3) For the purposes of this Act, the forms - printed or sent by way of electronic means - described in Subsection (1) as completed and signed by the taxpayer - or by his authorized representative or proxy specified in this Act - shall be treated as private documents. A recording (photograph, video, audio etc.) made of such a document by a technical or chemical process as well as a document made of the original document through a carrier medium (magnetic disk, magnetic tape etc.) shall have the same probative force as the original document, provided that the recording or the printed document was made by the tax authority or another body under its supervision.

(4) The minister in charge of taxation shall decree the regulations for the marketing of invoices, simplified invoices and receipts for keeping records on all sales, and the requirements for their production and identification for tax administration purposes.

(5) The tax authority may issue payment warrants, payment notices and tax return forms in printed form.

(6) The tax authority shall publish information concerning the printed forms, their structure and contents.

(7) The minister in charge of taxation may decree the contents of the printed forms that can be used and prescribed by municipal tax authorities.

(8) The state tax authority shall define and publish the formal and content requirements of the prescribed forms, and it shall ensure that such forms will be available to taxpayers in due time and at convenient locations. The standard forms for filing tax returns and for data disclosure - including the IT applications published on the official website of the tax authority - shall be published not less than thirty days before the deadline prescribed for the submission. The Government shall decree the detailed regulations concerning the selection of manufacturers and the distribution of forms that will be made available for a fee.

(9) The taxpayers required to file their tax return in accordance with Subsection (2) of Section 31 or the value added tax summary document under Section 31/B, or the recapitulative statement referred to in Schedule No. 8 shall discharge their obligations relating to declarations and data disclosures to the state tax authority, and shall submit applications for payment facilities and tax reductions by way of electronic means subsequent to the date when this obligation arises.

(10) Any taxpayer who has a tax identification code shall have the option to comply with the obligation of notification and reporting changes to the state tax authority electronically, and may submit any tax related documents under Subsection (13) to the tax authority by way of electronic means as well.

(11) Taxpayers may submit their requests for standard and non-debt tax certificates, income certificates, and for combined tax certificates to the state tax and customs authority electronically as well. In this case the state tax and customs authority shall make out and send the certificate to the taxpayer on a standard electronic form.

(12) The minister in charge of taxation shall decree the amount limits and criteria for:

a) the definition of the largest taxpayers in terms of tax payment;

b) selecting taxpayers to be recognized as major taxpayers;

c) filing tax returns and declarations, data disclosures;

(13) The minister in charge of taxation is hereby authorized to decree the procedures and technical conditions for the administration of tax matters electronically, such as:

a) filing tax returns and declarations, data disclosures;

b) notification and reporting changes;

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c) lodging applications for tax certificates, payment facilities and tax reduction, and for admission into the register of taxpayers free of tax debt obligations;  
d) paying taxes;  
e) queries made available by the state tax authority to taxpayers through the central electronic services network;  
f) access to the tax authority’s records, and downloading such data;  
g) compliance with payment obligations in connection with enforcement procedures;  
h) the administration of certain tax matters over the telephone, as well as service by electronic means;  
i) electronic administration in enforcement proceedings;  
j) the procedures relating to the refund applications (statements of correction) of taxpayers established in another Member State of the European Community and taxable persons established in a recognized third State under the Act on Value Added Tax, made in Hungary, and those of taxpayers established in Hungary made in any Member State of the European Community, including communication via electronic mail (e-mail).  

(14) The tax authority shall frequently publish on its official website the requirements relating to the data format in which the tax authority is requesting taxpayers to supply data stored in electronic format for audit and inspection purposes. When making any changes in the said data format, they shall be published by the tax authority at least thirty days in advance. Municipal tax authorities shall publish changes in the data format in their official journal as well.

(15) Through the central electronic services network,  
a) taxpayers shall have access to their own tax accounts, and to the data referred to in Subsection (15) of Section 52,  
b) employers (payers) shall have access to their notices and declarations submitted according to Subsections (4) and (4b) of Section 16 and Subsection (2) of Section 31, respectively,  
c) taxable private individuals shall have access to their own data referred to in Paragraph b).

(16) Services in the capacity of tax consultant, tax expert or certified tax expert may be provided in possession of the authorization of the minister in charge of taxation. The minister in charge of taxation shall grant authorization for engaging in such activities to any person who has no prior criminal record and who has not been restrained by court order from practicing the profession requiring a law degree or a degree in economics, finance or accountancy, and who has the necessary training, qualifications and experience prescribed by this Act or a decree adopted under authorization by this Act, and who is able to meet the other requirements set out therein. The minister in charge of taxation shall keep a register on the persons authorized to engage in the aforesaid activities. Upon granting the authorization the minister in charge of taxation shall ex officio issue an official certificate. The procedures related to the issue and withdrawal of the certificate, and to the exchange and replacement of certificates, furthermore, for making changes in the records and for the notification of the taking up and pursuit of activities in the form of cross-border services (for the purposes of this Section hereinafter referred to as “proceedings”) shall be subject to the payment of an administrative service fee as prescribed in specific other legislation. Legal persons and unincorporated business associations may engage in the activities of tax consultants, tax experts or certified tax experts, if having at least one member or employee who is listed in the aforementioned registers.

(17) The minister in charge of taxation is hereby authorized to decree the requirements and conditions for the issue and withdrawal of the authorization referred to in Subsection (16), the regulations concerning the registers, the amount of the administrative service fee charged for the relevant proceedings, and the detailed rules for the compulsory and regular training of the persons authorized, with the exception that no petition for special consideration may be lodged in such proceedings.

(18) In addition to the data prescribed in the Act on the General Provisions Relating to the Taking Up and Pursuit of the Business of Service Activities, the registers referred to in Subsection (16) shall contain the following particulars of the natural persons listed and the following facts:

a) natural identification data;

b) c)

d) home address, mailing address;

e) phone number, electronic contact information;

f) number of official certificate, date of issue;

g) number of document in proof of education or training, name of issuer, date of issue;

h) description of other qualifications, number of document or certificate in proof of such qualifications, name of issuer, date of issue;

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i) any state-approved language certificate, type and degree of language proficiency examination.

(19) The name, mailing address and registration number of the persons listed in the register referred to in Subsection (16) as authorized to engage in the activities of tax consultants, tax experts or certified tax experts, the number of their respective certificates and their other particulars - subject to prior consent - shall be considered public information. The minister in charge of taxation shall publish the data of persons registered during the year, which are considered public information, and any changes in such information in the Pénzügyi Közlöny (Financial Gazette) once a year, by 31 March of the year following the year in question, and shall make available to the public the data of all registered persons, which are considered public information, on its official website.

(20) The administrative time limit for the authority’s proceedings - other than proceedings for the notification of the taking up and pursuit of activities in the form of cross-border services - under Subsection (16) shall be sixty days, however - by way of derogation from the provisions of the Act on the General Provisions Relating to the Taking Up and Pursuit of the Business of Service Activities -, if the body of the authorization referred to in Subsection (16) fails to comply with its obligation to adopt a resolution within the relevant administrative time limit, the client shall not become entitled thereby to take up and pursue the activity to which the application pertains, and the general provisions of the Act on the General Rules of Administrative Proceedings relating to the omission of authorities shall apply.

(21) If the application for the proceedings - other than proceedings for the notification of the taking up and pursuit of activities in the form of cross-border services - contains any error or is insufficient, or is lacking the documents and enclosures prescribed by the decree referred to in Subsection (17), the minister in charge of taxation shall - within thirty days of receipt of the application - request the applicant to supply the missing information.

(22) Applications for the proceedings referred to in Subsection (16) may be submitted at the address indicated in the special notice published on the official website of the ministry directed by the minister in charge of taxation, to the department of the ministry directed by the minister in charge of taxation assigned for this purpose, and at the regional branches of the treasury.

(23) Where so decreed by the municipal government, notifications, tax returns, and data disclosures prescribed by the municipal tax authority may be submitted by way of electronic means as well, by the procedure prescribed by the municipal government. Where so decreed by the municipal government, taxpayers with tax numbers shall submit the said notifications, tax returns, and data disclosures by way of electronic means.

(24) The minister in charge of taxation is hereby authorized to decree the mandatory layout and format of value added tax refund applications and statements of correction of taxable persons established in Hungary to be filed in any Member States of the Community, including the instructions for filling them out.

(25) The minister in charge of taxation is hereby authorized to decree the detailed regulations concerning the assessment and payment of the costs of tax enforcement procedures and fixed enforcement expenses.

(27) The minister in charge of taxation is hereby authorized to decree the provisions in connection with electronic data, information, records and registers relating to taxes, as regards the data structure of the files to be supplied to the tax authority and the procedures for:

\[ a) \text{ making them available to the tax authority,} \\
\[ b) \text{ making duplicates,} \\
\[ c) \text{ checking them electronically.} \\
\]

Section 175/A.

(1) Enclosed with the application for authorization for the pursuit of the activities of tax consultants, tax experts or certified tax experts the applicant shall produce official documentary evidence to verify that he has no prior criminal record, and that he is not restrained by court order from practicing the profession requiring a law degree or a degree in economics, finance or accountancy, or shall request the body operating the penal register to disclose information to the minister in charge of taxation based on his official request lodged for the purpose of assessment of the application for authorization for the pursuit of the activities of tax consultants, tax experts or certified tax experts. In this context, the data request lodged by the minister in charge of taxation to the body operating the penal register shall be limited to the information necessary to determine as to whether the applicant has no prior criminal record

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and that he is not restrained by court order from practicing the profession requiring a law degree or a degree in economics, finance or accountancy.

(2) The minister in charge of taxation shall check in the course of a regulatory inspection conducted during the period of exercising the activities of tax consultants, tax experts or certified tax experts as to whether the person engaged in the activities of tax consultants, tax experts or certified tax experts has no prior criminal record and that he is not restrained by court order from practicing the profession requiring a law degree or a degree in economics, finance or accountancy. The minister in charge of taxation shall have powers to request information from the penal register for the purpose of regulatory inspection. The data request shall be limited to the information necessary to determine as to whether the person engaged in the activities of tax consultants, tax experts or certified tax experts has no prior criminal record and that he is not restrained by court order from practicing the profession requiring a law degree or a degree in economics, finance or accountancy.

(3) If the minister in charge of taxation finds in the course of the regulatory inspection conducted under Subsection (2) that the person engaged in the activities of tax consultants, tax experts or certified tax experts has no prior criminal record or that he is restrained by court order from practicing the profession requiring a law degree or a degree in economics, finance or accountancy, he shall take measures forthwith for having such person’s authorization for the pursuit of the activities of tax consultants, tax experts or certified tax experts withdrawn.

(4) The minister in charge of taxation shall be authorized to process the personal data obtained under Subsections (1) and (2):

a) until the final and binding conclusion of the procedure for the granting of the authorization for the pursuit of the activities of tax consultants, tax experts or certified tax experts, or

b) for the duration of the regulatory inspection if the authorization for the pursuit of the activities of tax consultants, tax experts or certified tax experts is granted, or until the final and binding conclusion of the procedure for the withdrawal of the authorization.

Section 175/B.

(1) Any natural person with the right to exercise the freedom to provide services according to the Act on the General Provisions Relating to the Taking Up and Pursuit of the Business of Service Activities shall notify the minister in charge of taxation operating the register of tax consultants, tax advisers or certified tax experts of his intention to provide services, acting as such, in the territory of Hungary in the form of cross-border services in due application of the relevant provisions of the Act on the Recognition of Foreign Diplomas and Certificates. The minister in charge of taxation shall enter tax consultants, tax advisers and certified tax experts in the relevant registers upon receipt of notification.

(2) Any firm with the right to exercise the freedom to provide services according to the Act on the General Provisions Relating to the Taking Up and Pursuit of the Business of Service Activities may engage in the provision of the services of tax consultants, tax advisers or certified tax experts, acting as such, in the form of cross-border services, if its member or employee appointed to supervise and manage the services of tax consultants, tax advisers or certified tax experts met the requirement of notification referred to in Subsection (1) hereof.

(3) In connection with cross-border services, the temporary and occasional nature of the provision of services shall be assessed by the body operating the registration system case by case, in particular in relation to its duration, its frequency, its regularity and its continuity.

Special Provisions Pertaining to Specific Types of Taxes

Section 176

(1) The provisions of this Act pertaining to local taxes shall be applied to the motor vehicle taxes payable on motor vehicles registered in Hungary with the following exceptions:

a) the amount is determined and the tax is levied by the tax authority on the basis of the information supplied under Part G) of Schedule No. 3 to this Act. The notification requirement prescribed in connection with the registration procedure under Act LXXXIV of 1999 on the Registry of Motor Vehicles shall be treated as a declaration for the purposes of legal ramifications;

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b) taxpayers shall notify the competent municipal tax authority within fifteen days if their tax liability is suspended, if they become eligible for tax exemption concerning the vehicle they own;

c) the tax shall be paid to a special account maintained by the municipal government for such purpose.

(2) Any taxpayer whose value added tax liability originates solely from the transfer of a building structure (part of a building) and the land on which it stands, or the transfer of a building plot (land parcel), the state tax authority shall establish the related tax liability in accordance with the Act on Value Added Tax (taxation by levy). The taxpayer shall report such transfer to the tax authority within thirty days of the date of sale determined according to the Act on Value Added Tax, using the standard form prescribed for this purpose. For legal aspects, the aforesaid notification shall be treated as a tax return.

(3) The taxation of incomes received from the lease of arable lands (including land allotments) shall be the responsibility of the municipal tax authority responsible for the place where the land is located. All revenues therefrom shall be paid to and retained by the municipal government.

(4) Private individuals shall assess their income received from the lease of arable land, as described in Act CXVII of 1995 on Personal Income Tax, and shall declare and pay such to the municipal government responsible for the place where the land is located (self-assessment). Private individuals shall declare their income received from the lease of arable land on the prescribed form by 20 March of the year following the year in which such income is received. In respect of a private individual receiving income from the lease of arable land located within the area of competence of more than one municipal government, the tax shall be declared and paid separately to each municipal tax authority concerned. In respect of Budapest, the notary of the City of Budapest shall be understood as the municipal tax authority competent according to the location of the land.

(5) If the income from leasing arable land is received from a payer, the tax on such income shall be assessed, deducted, declared and paid by the payer. A payer shall not be subject to the obligation of tax assessment where the lease agreement concluded with the private individual is for a term covering the minimum duration for tax exemption.

(6) By way of derogation from the provisions of Subsection (4), a private individual whose income from leasing arable land originates on the whole from a payer shall not be required to file a tax return if such payer has deducted the tax or if his income from leasing arable land is tax exempt.

(7) If a private individual has any revenue or income from the lease of arable land from sources other than a payer, or the payer neglected to deduct the tax when paying such income, or if the payer has paid the rental fee in kind, such private individual shall pay the tax on the value of this in-kind payment by the 12th day of the month following the quarter in which the income was received.

(8) If a lease contract that was concluded for a term covering the minimum duration for tax exemption is terminated inside of such duration, on account of which tax liability arises, the private individual shall assess, declare and pay the tax according to the provisions set out in Subsection (4).

(9) A payer shall pay the tax deducted from the income received from the lease of arable land to the municipal tax authority responsible for the place where the land in question is located by the 12th day of the month following payment. The payer shall file a tax return on deducted taxes with the municipal tax authority responsible for the place where the land is located by 25 February of the year following the tax year.

(10) If this Act prescribes any obligation in connection with personal income tax, it shall be paid by the payer and the employer, with the exceptions set out in Subsections (11) and (12), according to the provisions applicable.

(11) Employers and payers performing payroll accounting duties included in the sphere of the treasury pursuant to the PFA, or that fall under the scope of specific other legislation on the net financing of municipal governments and on the central payroll accounting system shall be obliged - from among the obligations this Act confers on employers and payers - to deduct, declare and pay taxes and tax advances on the accounted sums in the manner specified in the PFA and its implementing decrees.

(12) The employers and payers referred to in Subsection (11) shall disclose data to the state tax authority on the taxes (tax advances) on payments made when settling with the treasury pursuant to specific other legislation by the 20th day of the month following the month to which the settlement (payment) pertains.

(13) For the purposes of tax laws, with the exception of the Act on Excise Taxes and Special Regulations for the Marketing of Excise Goods, the classification system contained in

a) the Commercial Tariff Schedule (heading) in force on 31 July 2002,  
b) the Register of Buildings (El) of the Központi Statisztikai Hivatal (Central Statistics Office) in force on 31 July 2002.

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c) the List of Services (SZI) of the Központi Statisztikai Hivatal (Central Statistics Office) in force on 30 September 2002 or, in all other cases, the classification system of the Központi Statisztikai Hivatal in force on 30 September 2002 shall, in the case of value added tax, be observed in regard to goods (building structures) and services indicated by reference. Any subsequent changes in the classification system shall have no bearing on tax liability.

(14)
(15)
(16) The private individual who is recognized as a family farmer on the last day of the tax year under the Arable Land Act and any member of the family of such private person who participates in the family homestead in a form other than employment shall meet his tax liabilities under the regulations pertaining to small-scale agricultural producers, unless prescribed by law to the contrary. Family farmers and their family members shall be required to enter the registration number of their family homestead on all documents in connection with their tax liabilities and on their declarations made in connection with any tax allowance or tax exemption granted by law.

Section 176/A

(1) In the application of the Convention on the elimination of double taxation in connection with the adjustment of profits of associated enterprises, signed on 23 July 1990 (Convention on arbitration procedures) the provisions of this Act shall apply subject to the exceptions set out in this Section.

(2) The competent authority shall notify the taxpayer within one month of receipt of his request for the opening of a mutual agreement procedure, as well as the competent authorities of the Contracting States affected concerning the request. The notice sent to the competent authorities of the Contracting States affected shall have enclosed a copy of the request for the mutual agreement procedure.

(3) If the request for the mutual agreement procedure cannot be refused and the request cannot be complied with unilaterally, the competent authority shall initiate the mutual agreement procedure, and shall notify the other competent authorities of the Contracting States affected. The notice shall contain a reference to the time limits specified in Article 6 (1) and in Article 7 (1) of the Convention on arbitration procedures, and shall have enclosed a copy of the request for the mutual agreement procedure. Simultaneously with the competent authorities of the Contracting States affected, the requesting party shall also be notified concerning the opening of the mutual agreement procedure.

(4) The request for the mutual agreement procedure referred to in Article 6 (1) of the Convention on arbitration procedures shall contain the particulars of the requesting party and other persons who may be concerned in the case (name, registered office, tax identification number); the key components of the relevant facts of the case (such as a description of the relationship between the requesting party and other concerned parties, the tax assessment period, the decision of the tax authority giving rise to double taxation, information to identify the measures taken, or a copy of the decision itself or a document containing the measures taken shall be enclosed); information concerning any remedy proceedings or civil lawsuits filed by the requesting party or other concerned parties in connection with the case, and the reasons for lodging the request. If the request is devoid of either of the requirements set out in this Subsection, the competent authority shall advise the requesting party within two months of the time of receipt of the request to supply any missing information within the prescribed time limit.

(5) According to Article 7 (1) of the Convention on arbitration procedures a request for the mutual agreement procedure shall be considered presented at, and the two-year period shall be computed from the time when the request is in compliance with the requirements set out in Subsection (4) in terms of contents, without any further notice for requesting missing information.

(6) The tax authority shall suspend the enforcement of the resolution (ruling) at the debtor’s request, or by order of its superior authority or if so notified by the competent authority, if the resolution (ruling) is likely to be reversed or annulled, or a measure of similar effect is expected in accordance with Article 6 or 7 of the Convention on arbitration procedures.

Special Provisions on the Repayment of Student Loans

Section 177

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(1) At the request of the Diákhitel Központ Rt. (Student Loan Center) containing the tax identification number of the private individual having an outstanding student loan, the state tax authority shall disclose by 31 October of the following year the income this private individual received during the tax year that constitutes the basis of his repayment obligation.

(2) When a private individual has defaulted on a student loan, the state tax authority, at the request of the Diákhitel Központ Rt. (Student Loan Center), shall collect such debt as if it were a tax. The Diákhitel Központ Rt. shall enclose with the request for collection a copy of the notice requesting payment sent to the private individual in question with sufficient proof of delivery.

(3) If there is any difference between the debtor’s data contained in the state tax authority’s records and those that are indicated in the request, the Diákhitel Központ Rt. (Student Loan Center) and the state tax authority shall cross-reference their respective data. Should this procedure fail, the Diákhitel Központ Rt. shall contact the private individual in question to clarify the matter.

Transfer of the Tax Authority’s Claims Against Organizations Undergoing Liquidation

Section 177/A

The state tax authority shall have powers to assign the claims it has against organizations undergoing liquidation, and which are due to the central budget, extra-budgetary funds, to the Pension Insurance Fund and the Health Insurance Fund to MKK Magyar Követeléskezelő Zártkörűen Működő Részvénytársaság (Hungarian Claim Management Private Limited Company) (hereinafter referred to as “MKK Zrt.”) (assignment). MKK Zrt. shall have the right to conduct retrocession operations relating to claims entrusted to it under this provision. The detailed conditions for the assignment of claims shall be governed by an agreement concluded between the state tax authority and MKK Zrt. The provisions of Sections 328-330 of the Civil Code shall also apply to the aforesaid assignment. Any claim that may be drawn on the strength of law or under contractual relationship on any claim against the Hungarian State and its institutions or one-man companies may not be assigned.

Section 177/B.

Interpretative Provisions

Section 178

For the purposes of this Act and - unless otherwise prescribed by law - other legislation on taxes:
1. ‘tax identification number’ shall mean a tax number, group identification number, Community tax number, and the tax identification code of private individuals;
2. ‘tax year’ shall mean the calendar year to which tax liability pertains and, as regards taxes and similar liabilities shown in the report prescribed by the Accounting Act, a financial year as defined in the Accounting Act;
3. ‘tax difference’ shall mean the difference between the amount of tax or central subsidy, whether or not declared (reported), and the amount assessed on the basis of a tax return (declaration) and subsequently levied by the tax authority or any tax revenues unpaid due to tax evasion as established by final decision of a criminal court or central subsidy received without eligibility;
4. ‘tax debt’ shall mean the amount of tax unpaid when due and central subsidies received without eligibility; the net amount of the tax debt owed to the tax authority according to its records shall be reduced by any overpayment of record at the same tax authority in proceedings for the issue of tax certificates, and also where claiming a specific allowance is rendered conditional by law for the taxpayer to have no outstanding tax debts owed to the tax authority;
5. ‘tax capacity’ shall mean the yearly average of a taxpayer's gross tax liabilities on the aggregate (including central subsidies, tax allowances and tax relief) within the term of limitation; it shall also include the amount of value added tax payable or the amount charged and deductible, whichever is greater in terms of absolute value;
6. ‘tax matter’ shall mean official business pertaining to taxes and central subsidies;

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7. ‘permanent residence’ shall mean the place of abode of a private individual established and used for permanent habitation. Any extended stay of the private individual abroad on a temporary basis, or if held in pre-trial detention or is serving a term of imprisonment shall not be treated as a change of permanent residence;

8. ‘non-registered employee’ shall mean a private individual who personally participates in the taxpayer’s business operations, in connection with whom the employer or payer failed to comply with the obligation of registration as required under this Act, or the payer or employer is unable to prove that the relationship of this person is not required to be registered;

9. ‘other organization’ shall mean unincorporated companies, sole proprietorships, societies, civil law companies, condominium associations, resort condominiums, common garages, building societies, and all other associations of persons without legal personality;

10. "pre-company" shall mean the form of operation of a business association, branch, grouping, cooperative society, forest management association, water management organization during a period that commences when the articles of incorporation (deed of foundation, statutes, deed of partnership) is signed, sealed and notarized and ending when the entity is entered into the register of companies or when the application for registration is rejected by final decision or if the registration procedure is terminated, provided that the application for registration has been submitted subsequent entry into force of Act CXLV of 1997 on the Register of Companies, Public Company Information and Court Registration Proceedings;

11. ‘branch’ shall mean the branch defined in the Act on Hungarian Branches and Commercial Representative Offices of Foreign-Registered Companies;

12. ‘erroneous tax return’ shall mean a tax return that is subject to correction under Section 34, or when an error in the tax return that does not result in any tax arrears is detected by the tax authority;

13. ‘goods of unverified origin’ shall mean any merchandise and material for which the taxpayer is unable, at the time of audit, to produce an authentic document of origin or an instrument to substantiate such document;

14. ‘written instrument’ shall mean the accounting documents prescribed in the relevant legislation, the books and records prescribed by the relevant legislation on accounting as well as plans, designs, contracts, correspondence, statements, protocols and minutes, resolutions (rulings), invoices, and other excerpts, verifications, certificates, authentic instruments and private documents, irrespective of their appearance;

15. ‘compulsory contribution’ shall mean pension contributions, health insurance contributions and labor market contributions paid by the insured persons (including health insurance contributions provided in kind and monetary health insurance contributions and labor market contributions), health services contributions, age allowance guarantee premium, sick-pay contributions, moreover, in respect of judicial enforcement, other social security benefits received without eligibility and therefore reclaimed and other benefits provided by the social security system as well as other statutory contributions payable to the social security system, including cost reimbursements paid by payers without legal grounds;

16. ‘future transaction’ shall mean a contract or other transaction concluded following submission of an application for having the fair market value determined, or a contract or other transaction concluded following submission of an application for provisional tax assessment which involve the same parties, irrespective of the economic objective thereof. Future transaction shall also mean any contract or transaction that is being continuously executed at the time the application for provisional tax assessment or for establishing fair market value is submitted, or subsequently, irrespective of whether the contract or other transaction was concluded before the application was submitted. Continuous supply means that the contract or transaction is concluded or entered into for a minimum term of six months, and

a) under which at least one delivery takes place every other month, or
b) under which one of the parties maintain specific credit facilities in favor of the other party.

17. ‘affiliated company’ shall mean:

a) the taxpayer and the person in which the taxpayer has a majority control - whether directly or indirectly - according to the provisions of the Civil Code,
b) the taxpayer and the person that has majority control in the taxpayer - whether directly or indirectly - according to the provisions of the Civil Code,
c) the taxpayer and another person if a third party has majority control in both the taxpayer and such other person - whether directly or indirectly - according to the provisions of the Civil Code, where any close relative holding a majority control in the taxpayer and the other person shall be recognized as third parties;

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d) a nonresident entrepreneur and its domestic place of business and the business establishments of the nonresident entrepreneur, furthermore, the domestic place of business of a nonresident entrepreneur and the person who maintains the relationship defined under Paragraphs a)–c) with the nonresident entrepreneur;

e) the taxpayer and its foreign branch, and the taxpayer’s foreign branch and the person who maintains the relationship defined under Paragraphs a)–c) with the taxpayer;

18. 'payer' shall mean a resident legal person, other organization, or private entrepreneur that (who) provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, payer shall mean the person who pays any interest income to any private individual according to the Personal Income Tax Act, the borrower of a loan or the issuer of a bond, in respect of dividends, payer shall mean the taxpayer from whose assets such dividends are paid. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, payer shall mean such stockbroker (consignee). In respect of income that is earned in a foreign country and taxable in Hungary, payer shall mean the person (legal person, other organization, or private entrepreneur) commissioned in Hungary, exclusive of transaction orders given to a credit institution solely for the performance of a transfer (payment). In respect of any taxable payment made by a nonresident company through its branch or commercial representation, such branch or commercial representation shall be considered a payer. Organizations engaged in economic activities in Hungary whose activities do not require company registration and organizations unlawfully engaged in activities that require registration shall also be construed as payers. The payer of a taxable social security benefit shall be the person that physically makes the payment to the beneficiary. In respect of taxable winnings, payer shall mean the gambling operator, irrespective of whether such taxable winnings are disbursed directly to the private individual or through an intermediary. The employer referred to in Paragraph a) of Section 4 of the SPA, other than the nonresident companies referred to in Section 56/A of the SPA, shall also be construed a payer. Where payment is made from a deposit account, the authorities, investigative authorities, courts, attorneys, notaries public and court bailiffs shall not be construed as payers;

19. 'close relative' shall mean the persons defined as such in Paragraph b) of Section 685 of the Civil Code;

20. ‘outstanding public dues’ shall mean the payment obligations prescribed by law to provide revenues for the central budget from which to finance public expenditures, the assessment, control and collection of which falls within the jurisdiction of courts or administrative agencies, also the payment obligations prescribed by law for funding the operation of public bodies if not affected voluntarily by its due date. A payment ordered by a competent agency to repay a central subsidy, with interest, received without proper entitlement from any sub-system of the central budget shall also be construed as outstanding public dues if it is not repaid by the person affected by the prescribed deadline. In respect of such debts, the state tax authority shall exercise its right to retain central subsidies if so requested by the agency ordering repayment;

21. ‘place of abode’ shall mean any confined area that is used by a person for residential purposes or that is apparently treated as such by a person;

22. ‘employment relationship’ shall mean the relationship defined as such in the Labor Code and all other legal relationships created for the performance of work that also fall within the scope of the Labor Code as prescribed in specific other legislation, as well as all other work-related legal relationships that are governed by other legislation. Professional and contracted members of the Hungarian Armed Forces, law enforcement organizations, and ecclesiastical personnel shall also be construed as being in an employment relationship;

23. ‘employer’ shall mean any legal person, registered company, association of persons, and any other organization having a registered office, business establishment or representation in Hungary, any private entrepreneur or partnership, including private individuals with a place of abode in Hungary, as well as the employer referred to in Paragraph a) of Section 4 of the SPA - other than the nonresident companies referred to in Section 56/A of the SPA - relating to the employees in his employment. In connection with employment relationships concluded with several employers, the employer designated in writing at the time of entry into the employment relationship for the fulfillment of tax obligations shall be recognized as the employer. Any change in the person of the designated employer shall be treated as the transfer of employment contracts within the meaning of this Act and other legislation on taxes.

24. ‘perishable foodstuff’ shall mean products that are easily perishable and have an expiration date specified in compliance with the decree implementing the Act on Foods and the Act on Animal Health;

25. ‘registered office’ shall mean, unless prescribed otherwise, the place indicated as such in the articles of association of a legal person and in the register of companies or, if no such place is indicated or if there is more than one, the registered office of the nonresident entrepreneur and its domestic place of business, as well as the nonresident companies referred to in Section 56/A of the SPA - other than the nonresident companies referred to in Paragraph a) of Section 4 of the SPA - if no such place of abode is indicated or if there is more than one.

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one, the principal place of business administration. Where residence for tax purposes is determined under international agreement according to where the place of management is located, for the purposes of this Act the place of management of a foreign person who is treated as a resident taxpayer according to this concept shall be treated as a registered office;

26. ‘place of residence’ shall mean the place at which a private individual spends at least 183 days in the territory of Hungary in a calendar year, including the day of entry and the day of exit;

27. ‘business establishment’ shall mean the place where taxable activities are conducted, including in particular any permanent business (commerce), production and service location, whether or not situated within the same administrative limits as the registered office of the enterprise;

28. ‘business operations’ shall mean for-profit economic activities performed by a private individual, legal person or other organization in his (its) own name and on his (its) own account;

29. ‘entrepreneur’ shall mean any private individual who is engaged in the pursuit of private entrepreneurial activities according to the Act on Private Entrepreneurs in the internal market in his own name and on his own account and is listed in the register of private entrepreneur, as well as any private individual whose activity is construed as business operations by law, or a legal person or other organization that is engaged in for-profit economic activities on a regular basis;


31. ‘qualified taxpayer’ shall mean any person who has been engaged in entrepreneurial activities for three consecutive years prior to the date of submission of the application, and within the term of limitation preceding the date of submission in which the state tax authority did not establish any delinquent taxes outstanding on his name, did not open an enforcement procedure against him, did not go into bankruptcy or liquidation proceedings, and the taxpayer applied for payment allowance or tax abatement on not more than two occasions within the same calendar year. The state tax authority shall, at the request of the qualified taxpayer, enter his name in the register established and published for this purpose. If the taxpayer fails to comply with any of the applicable criteria following registration, the tax authority shall remove the taxpayer from the register;

32. ‘register of taxpayers free of tax debt obligations’ shall mean a register published on the website of the state tax authority, containing the name, corporate name and tax number of the taxpayers listed, provided that all of the following conditions are satisfied, that is to say that:

   a) the taxpayer has no net tax debt or any other outstanding public dues of record with the state tax authority or the customs authority on the last day of the month preceding the time of publication,

   b) the taxpayer has no tax debt registered as irrecoverable that did not yet lapse,

   c) the taxpayer has supplied a special statement of having satisfied all declaration and payment obligations by the last day of the month preceding the month when the register is published,

   d) the taxpayer’s tax number is not suspended,

   e) the taxpayer is not adjudicated in bankruptcy or liquidation proceedings and is not engaged in winding-up proceedings,

   f) the taxpayer has no outstanding value added tax liability in the case of group taxation arrangement,

   g) the taxpayer is not treated as a person liable for payment of tax;

33. ‘critical conditions’ shall mean any hypothesis, preliminary calculations, threshold limits and attributes fixed in connection with establishing the fair market value for future considerations in terms of financial, accounting, economic, legal and operational aspects, which are considered significant from the standpoint of reliability of the fair market value, and, if not satisfied, the resolution shall cease to apply. Critical conditions are to be determined as consistent with the unique features of the case on hand.

34. ‘commercial relations’ shall mean the purchase and sale of goods - including the importation of goods underlying the exemption in connection with the intra-Community supply of exempted goods in accordance with the Act on Value Added Tax - and services supplied or received.

35. ‘place of effective management’ shall mean principal place of business management, place of effective management in the application of the legislation on the promulgation of the treaty on double taxation and the Act on Corporate Tax and Dividend Tax;

36. ‘research and development activities’ shall have the meaning defined in the Act on Research and Development and Technological Innovations.

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37. ‘civil society organization’ shall mean - within the meaning of this Act - an organization listed in the register of organizations not recognized as civil and other companies under the Act on the Registration of Civil Society Organizations and on the Related Procedural Regulations, not including the organizational divisions of such civil society organizations recognized as independent legal entities.

Costs of Proceedings

Section 179

(1) Unless otherwise provided for by law, the costs of taxation and tax administration proceedings shall be borne by the state and the municipal governments with the exception of the costs of transport and safekeeping of articles confiscated and the costs of judicial enforcement.

(2) If a taxpayer has acted in bad faith in the course of a proceeding and thereby caused additional costs on the part of the state or a municipal government, such extra costs shall be paid by the taxpayer. Burden of proof of bad faith lies with the tax authority.

(3) The taxpayer’s costs shall be borne by the taxpayer.

(4) The tax authority shall provide for the costs described in Subsections (1) and (2) by resolution (ruling).

Chapter X

CLOSING AND TRANSITIONAL PROVISIONS

Enacting Provisions

Section 180

(1) This Act, with the exceptions set out under Subsections (9)-(12) of Section 175, shall enter into force on 1 January 2004. Subsections (9)-(12) of Section 175 of this Act shall enter into force on the day when promulgated.

(2) Any reference made in the relevant legislation to Act XCI of 1990 on the Rules of Taxation shall be understood as this Act as of 1 January 2004.

Conformity with the Laws of the European Union

Section 181

(1) Subsection (3) of Section 3, Section 9, Sections 16-23, Subsections (1)-(4) and (8) of Section 24, Section 26, Subsection (1) of Section 31, Subsection (9) of Section 33, Section 47, Section 79, Subsections (6)-(7) of Section 88, Subsection (1) of Section 125, Subsections (1) and (3) of Section 175, Paragraph c) of Subsection (12) of Section 175, Subsection (2) of Section 176 and Section 181/A of this Act, furthermore, Points I/B/3a-f) of Schedule No. 1, Point H) of Schedule No. 3 and Schedules Nos. 8, 9 and 10 to this Act serve the purpose of conformity with the following legislation of the European Communities together with the Act on Value Added Tax and/or the Accounting Act:

b) Council Directive 2006/138/EC of 19 December 2006 amending Directive 2006/112/EC on the common system of value added tax as regards the period of application of the value added tax arrangements applicable to radio and television broadcasting services and certain electronically supplied services;

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(2) Sections 56-59 of and Schedule No. 11 to this Act serve the purpose of conformity with the following legislation of the European Communities:


f) Council Regulation (EU) No. 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax;

g) Sections 60-70 of this Act serves the purpose of conformity with Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures and, under Article 26 of this Directive, it may be approximated with the detailed implementation measures adopted by the European Commission.

(3) Subsection (12) of Section 52, Subsection (9) of Section 57 and Schedule No. 7 of this Act serve the purpose of conformity with the following legislation of the European Communities:


(4) Paragraph d) of Subsection (3) of Section 16 and Paragraph f) of Subsection (3) of Section 17 of this Act serve the purpose of conformity with Regulation (EC) No. 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2.


Community Disclosures

Section 181/A.

(1) Where - in compliance with the relevant Community legislation, including the Hungarian law on the transposition of such Community legislation - the state tax authority is supplying data and information, other than personal data, for statistical purposes, or a report in summary of the application of Community legislation to the European Commission or any other body or agency of the European Union, it shall be sent to the minister in charge of taxation as well.

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(2) The central liaison office referred to in Points 5 and 5.1 of Section 70 shall inform the European Commission by 31 March each calendar year concerning the recovery assistance governed under Sections 60-70:

a) on the number of requests sent to the requested authorities of other Member States, or received from the applicant authorities of other Member States for information, notifications, recovery assistance and for precautionary measures, and

b) on the amounts of claims in connection with which the applicant authority of another Member State dispatched a request for recovery, and on the sums recovered upon such requests.

(3) The central liaison office referred to in Points 5 and 5.1 of Section 70 shall inform the European Commission:

a) on any changes in the delegation of the competent authority referred to in Point 4 of Section 70, and on the delegation of the central liaison office, liaison department, liaison office under Points 5, 5.1, 5.2, 5.3 of Section 70, and on any changes in such delegation,

b) on any bilateral or multilateral international treaty and other agreement (convention) to which Hungary is a party, and which concern the issues under Sections 60-70.

Transitional Provisions

Section 182

(1) The provisions of this Act shall be applied to cases pending definitive resolution at the time of entry of this Act into force; it shall also apply to the liabilities to be fulfilled following such date concerning the preceding period or those already due, with the exception that if the provisions in force prior to the date on which this Act enters into force prescribe, on the whole, less stringent obligations upon the taxpayer in respect of penalties and surcharges, the maximum rate specified therein may be applied to such liabilities.

(2) After the entry of this Act into force, the liabilities of taxpayers regarding tax assessment, declaration, tax payment, tax advance payment, issuing receipts, data disclosure and tax withholding for the period preceding the operative date of this Act shall be satisfied according to the regulations in force on 31 December 2003.

(3) The provisions of this Act shall have no bearing on the resolutions passed on the basis of the provisions in force prior to 31 December 2003 and operative at the time this Act enters into force.

(4) For the purposes of this Act, treaties (international conventions) promulgated by other legislation before this Act enters into force shall be treated the same as the treaties (international conventions) promulgated by this Act.

(5) The provisions contained in Point G) 3 of Schedule No. 3 to this Act shall be applied as of 1 February 2004. The provisions contained in Subsection (5) of Section 22, the second sentence of Subsection (7) of Section 24, Paragraph k) of Subsection (4) of Section 52, Chapter V, Point I. B) 3. b) of Schedule No. 1, and Point H) of Schedule No. 3 to this Act shall be applied as of the operative date of the Act promulgating the Treaty of Accession of 2003. Taxpayers shall be entitled to use their community tax numbers following the entry into force of the Act promulgating the Treaty of Accession of 2003.

(6) The time limit for commenting on the audit report introduced by this Act and the deadline for lodging an appeal against a resolution in the first instance shall apply if the report or resolution is delivered after the date on which this Act enters into force.

(7)

(8) The minister in charge of taxation is hereby authorized to decree the conditions, and the detailed regulations for the decision-making process, concerned with submission and registration of applications for provisional tax assessment and the payment and refund of fees.

(9) The minister in charge of taxation is hereby authorized to decree the regulations for the submission and registration of applications for determining the fair market value, the obligation to file annual reports, the terms and conditions for the payment and refund of fees, and the detailed procedural regulations.

(10)

Section 183.

(1) The provisions of this Act established by Act XC of 2010 on the Implementation and Amendment of Business and Financial Regulations shall be applied to cases pending definitive resolution at the time of entry of this Act into force. The English language translations of the regulations published on this website do not qualify as official translations issued by any Hungarian public authority and may not reflect the latest amendments made to the respective regulations. UniCredit Bank intends to but does not undertake to update this website by publishing the most recent wording of the regulations being entirely effective from time to time.
force; it shall also apply to the liabilities to be fulfilled following such date concerning the preceding period or those already due, with the exception that if the provisions in force prior to the date on which this Act enters into force prescribe less stringent obligations, on the whole, upon the taxpayer in respect of penalties and surcharges, the maximum rate specified therein may be applied to such liabilities.

(2) After the entry of Act XC of 2010 on the Implementation and Amendment of Business and Financial Regulations into force, the liabilities of taxpayers regarding notification, tax assessment, declaration, tax payment, tax advance payment, issuing receipts, data disclosure and tax withholding for the period preceding that date shall be satisfied - unless otherwise provided for by this Act - according to the regulations in force on the day before the date of entry into force of Act XC of 2010 on the Implementation and Amendment of Business and Financial Regulations.

Section 184.

(1) Subsection (6) of Section 43 of this Act, as established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal shall apply to proceedings opened after 31 December 2010 relating to refund applications.

(2) Subsection (2) of Section 49, Subsection (10) of Section 92, Subsection (1) of Section 102 and Subsection (10) of Section 164 of this Act, as established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal shall apply to control procedure opened after 31 December 2010.

(3) Subsection (12) of Section 164 of this Act, as established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall apply to probate proceedings opened after 31 December 2010.

(4) The state tax authority shall transfer by 31 January 2011 to the registrar of private entrepreneurs - based on their agreement - the data and information received directly from private entrepreneurs between 28 December 2008 and 31 December 2010 concerning their scope of activities.

(5) Subsection (4) of Section 31 and Subsection (20) of Section 172 of this Act, as established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall apply to tax returns submitted for 2010 as well.

(6) Section 177/A of this Act, as established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall apply to claims transferred by way of assignment after 1 January 2011.

(7) Paragraph ny) of Subsection (1) of Section 172 of this Act, as established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall for the first time apply in cases where any advance payment made to a tour operator is received or credited on or after 1 January 2011.

(8) The provisions of this Act established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal shall apply to cases pending definitive decision on 1 January 2011; it shall also apply to the liabilities to be fulfilled following the entry of those provisions into force concerning the preceding period or those already due, with the exception that if the provisions in force at the time the infringement was committed prescribe less stringent obligations, on the whole, upon the taxpayer in respect of penalties and surcharges, the maximum rate specified therein may be applied to such liabilities.

(9) After the entry into force of the provisions of this Act established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, the liabilities of taxpayers regarding notification, tax assessment, declaration, tax payment, tax advance payment, issuing receipts, data disclosure and tax withholding for the period preceding that date shall be satisfied - unless otherwise provided for by this Act - according to the regulations in force on the day before the date of entry into force of the provisions of this Act established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal.

Section 185.

(1) The obligation of disclosure for 2010 relating to non-taxable emoluments shall be satisfied according to the rules in effect on 31 December 2010.

(2) Private individuals employed by budgetary authorities shall - with a view to establishing the amount of compensation for changes in taxes and contributions during 2011 - provide a statement to the employer by 15 January 2011 if claiming any family tax allowance, indicating also the number of beneficiary dependents in connection with whom such family tax allowance is claimed. Additional rules concerning the statement shall be decreed by the Government.
Section 186.

The state tax authority shall disclose data declared in the breakdown referred to in Points 1-7, 9-15 and 24-28 of Subsection (2) of Section 31 related to incomes earned between 1 October 2010 and 30 November 2010 to the Pénzügyi Szervezetek Állami Felügyelete (Hungarian Financial Supervisory Authority) in the interest of discharging its responsibilities specified in Paragraphs e) and f) of Subsection (3) of Section 119 of the Private Pension Act. The Pénzügyi Szervezetek Állami Felügyelete shall be entitled to process the data thus received in due observation of data protection regulations.

Section 187.

Subsection (9) of Section 36/A of this Act, as established by Act XCVI of 2011 on the Amendment of Regulations Relating to the Economy, shall apply to payments to be effected after the time of entry into force.

Section 188.

The provisions of Point 6 of Schedule No. 2 to this Act, as established by Act CXXV of 2011 on the Amendment of Certain Tax Laws With a View to Improving the Stability of Public Finances, shall apply as of 1 January 2012, initially for the quarter of January through March, 2012.

Section 189.

(1) The repeal of Section 177/B of this Act and Subsection (14a) of Section 33 of the Act on Public Finances Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations shall for the first time apply to contracts where payment of the State counter-guarantees from the central budget is pending.

(2) Subsection (7) of Section 34, Subsection (3) of Section 87, Section 92, Subsection (1) of Section 93, Subsections (4)-(4a) of Section 104, Subsections (1)-(2) of Section 124, Subsection (1) of Section 161, Subsection (13) of Section 164, Subsection (6) of Section 170, Subsections (19)-(20b) of Section 172 and Subsection (9) of Section 175 of this Act, as established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations, shall for the first time apply to proceedings opened on or after 1 January 2012.

(3) The data disclosure prescribed under Point G8 of Schedule No. 8, as established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations, shall be satisfied for the first time in 2013.

(4) Subsection (1) of Section 28 of the RTA, as established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations, shall also apply to simplified tax returns submitted for the 2011 tax year.

(5) Point G7 of Schedule No. 3, as established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations, shall apply to customer ports of entry opened or terminated on or after 1 January 2012, in connection with which the competent document bureaus shall dispatch the particulars of clients with a customer port of entry on January 2012 to the state tax authority by 31 March 2012, by way of electronic means.

(6) The repeal of Point N) of Schedule No. 3 by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations shall apply as of 1 January 2012, where no default penalty may be imposed in connection with any obligation of data disclosure relating to periods previous to that date.

(7) The state tax authority shall discharge the obligation of disclosure of the particulars of tax returns submitted under Subsection (2) of Section 31 for periods before 1 January 2012, including the disclosure of subsequent changes therein as prescribed in Subparagraph bc) of Paragraph b) of Subsection (7) of Section 52 to private pension funds according to the rules in force on 31 December 2011.

(8) The Pénzügyi Szervezetek Állami Felügyelete (Hungarian Financial Supervisory Authority) shall discharge the obligation of disclosure of the particulars of tax returns submitted under Subsection (2) of Section 31 for periods before 1 January 2012, including the disclosure of subsequent changes therein as prescribed in Point P) of Schedule No/ 3 to the state tax authority according to the rules in force on 31 December 2011. This Subsection shall also apply to data disclosures by the state tax authority according to Paragraph h) of Subsection (7) of Section 52.

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(9) After 1 January 2012, the state tax authority shall carry out the duties related to the representative function of the creditor referred to in Paragraph b) of Subsection (3) of Section 72 in regard to the period preceding 1 January 2012.

(10) The taxation branch of the Nemzeti Adó- és Vámhivatal (National Tax and Customs Authority) shall consolidate the records maintained on the basis of notifications and the records of the customs agency on persons by 30 June 2012.

(11) The provisions of this Act established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations shall apply to cases pending definitive decision on 1 January 2012; it shall also apply to the liabilities to be fulfilled following the entry of those provisions into force concerning the preceding period or those already due, with the exception that if the provisions in force at the time the infringement was committed prescribe less stringent obligations, on the whole, upon the taxpayer in respect of penalties and surcharges, the maximum rate specified therein may be applied to such liabilities.

(12) After the entry into force of the provisions of this Act as established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations, the liabilities of taxpayers regarding notification, tax assessment, declaration, tax payment, tax advance payment, issuing receipts, data disclosure and tax withholding for the period preceding that date shall be satisfied - unless otherwise provided for by this Act - according to the regulations in force on the day before the date of entry into force of the provisions of this Act established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations.

(13) The notification submitted under Section 33/A, repealed by Paragraph a) of Subsection (3) of Section 59 of Act V of 2012 on the Transitional Provisions, Amendments and Repeals Related to the Act on Public Service Officials, and on the Amendment of Other Related Acts (hereinafter referred to as “Act V/2012”) shall cease to have effect, the fee paid shall be ex officio refunded by the state tax authority within thirty days from the date of Act V/2012 entering into force, and the state tax authority shall return the report submitted by the taxpayer.

(14) In connection with any loan or non-repayable assistance provided by employers to their employees for the loan pay-off defined in Subsection (1) of Section 200/B of Act CXII of 1996, the employer affected shall supply the following information to the state tax authority by 31 March 2013:
   a) the employee’s name and tax identification code;
   b) legal title (loan/assistance);
   c) amount of the loan or non-repayable assistance.

(15) Point 6.4 of I/Deadlines of Schedule No. 2 to this Act, as established by Act CXCIII of 2011 on Investment Fund Management Companies and Collective Investment Trusts, shall apply as of 1 January 2012, initially for the quarter of January through March, 2012.

(16) Subsection (4) of Section 37 of this Act, as amended, and Subsection (4a) of Section 37 of this Act, as established by Act CXCIII of 2011 on Investment Fund Management Companies and Collective Investment Trusts, shall apply to VAT refund applications submitted on or after 1 February 2012.
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disclose the details contained in said certificate of entitlement for tax allowance by way of electronic means to the state tax authority by 31 March 2013.

Implementing, Closing and Transitional Provisions to the amendments of Act XCII of 2003 on the Rules of Taxation

Act XXVII of 2004 on the Amendments of Financial Regulations for the Purpose of Approximation Section 66 (1)

This Act - subject to the exceptions set out in Subsections (2)-(3) of this Section, and in Sections 67-69, 72 and 74-75 - shall enter into force simultaneously with the Act promulgating the treaty on the accession of the Republic of Hungary to the European Union.

(2) Sections 9 and 21 of this Act shall enter into force on 1 January 2005. Sections 23 and 26 of and Schedule No. 4 to this Act shall enter into force on 1 July 2005, and shall apply to interest payments effected after the time of this Act entering into force.

(4) Taxpayers required to file value added tax returns quarterly, if they received a community tax number from the state tax authority before 30 June 2004, shall be required to file a special tax return by 20 July 2004 for the period beginning on 1 April 2004 and ending on 30 April 2004.

(5) The taxpayers required to file the tax return referred to in Subsection (4), shall pay the net value added tax liability shown in the special tax return by 20 July 2004, or may apply for a refund as of this date.

(6) The taxpayers referred to in Subsection (5) of Section 22 of the RTA, as established by this Act, whose intra-Community acquisition of goods in 2003 or between 1 January 2004 and 30 April 2004 was valued in excess of 10,000 euro, exclusive of tax, on the aggregate, shall apply to the state tax authority for a community tax number prior to the first purchase made after 30 April 2004 inside the Community. For the purposes of determining the total value of purchases, ‘intra-Community acquisition of goods’ shall mean the importation of goods from the territory of a country that is a Member State of the European Union as on the day of Hungary’s accession to the European Union. The taxpayers who made any purchase in the Community during 2003 shall notify the state tax authority by 15 May 2004 of their choice made according to Subsection (6) of Section 22 of the RTA, as established by this Act, relative to 2004.

(7) Any taxpayer who, according to Subsection (12) of Section 22 of the RTA - as established by this Act -, wishes to satisfy his value added tax payment liability for 2004 in Hungary, shall so notify the state tax authority by 15 May 2004, or if the first sale in the domestic territory was effected at a later time, prior to the first sale made in the domestic territory.

(8) Taxpayers shall notify the state tax authority by 15 May 2004 of their selection made under Section 66/E of the Act on Value Added Tax relative to 2004.

(9) The obligation of notification prescribed in Subsection (10) of Section 17 of the RTA shall be satisfied by 20 June 2004 including for those private individuals who have been posted before 1 January 2004 to perform work for the taxpayer, and such posting is in effect on the day of the obligation of notification.

Act CI of 2004 on the Amendment of Certain Acts Concerning Taxes, Mandatory Contributions and Other Payments to the Central Budget Section 315 (1)-(2)

(3) The provisions of this Act shall be applied to cases pending definitive resolution at the time of this Act entering into force: it shall also be applied to the liabilities to be fulfilled following such date concerning the preceding period or those already due with the exception that if the provisions in force prior to the date on which this Act enters into force prescribe, on the whole, less stringent obligations upon the taxpayer in respect of penalties and surcharges, the maximum rate specified therein may be applied to such liabilities.

(4) After the entry of this Act into force, the liabilities of taxpayers regarding tax assessment, declaration, tax payment, tax advance payment, issuing receipts, data disclosure and tax withholding for the period preceding the date on which this Act enters into force shall be satisfied according to the regulations in force on 31 December 2004. The provisions of this Act concerned with tax assessment by the employer, personal income tax return and personal income tax payment, and tax assessment by the tax authority on the basis of data supplied shall apply as of 1 January 2005.

(5)-(6)

(7) The tax authority shall authorize more frequent filing according to Point I/Deadlines/2. b) of Schedule No. 2 to the RTA in the year 2005 for the period ending on 30 June 2005.

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(8)

(9) Any taxpayer who satisfies the obligation to file tax returns and supply data as on 31 December 2004 in accordance with Subsections (9)-(11) of Section 175 of the RTA and who is removed as of 1 January 2005 from the sphere of taxpayers listed under Paragraphs a)-c) of Subsection (9) of Section 175 of the RTA in effect at that time, shall have the option to comply with the obligations listed under Subsections (9)-(11) of Section 175 of the RTA by 1 April 2005 in accordance with what is contained therein.

Section 316

Act XXVI of 2005 on the Amendment of Certain Acts Concerning Taxes and Mandatory Contributions Section 53 This Act - taking into account what is contained in Sections 54-81 - shall enter into force on the day of promulgation.

Section 59 (1) The provisions of the VAT Act and of the RTA established by this Act as pertaining to the importation of goods shall enter into force on 1 July 2005, where taxpayers shall have until 15 June 2005 to submit their application for authorization for self-assessment for the period beginning on 1 July 2005 and ending on 30 June 2006. In connection with applications for authorization for self-assessment for the period beginning on 1 July 2005 and ending on 30 June 2006, any self-audit filed by the 30th day before the request is submitted or the tax authority’s assessment has become enforceable before that date shall be taken into consideration.

Section 66 (1)-(2)

(3) The provisions of this Act amending Schedule No. 4 to the RTA shall also apply to dividends paid before the entry of this Act into force.

(4) The regional bar association and the Magyar Szabadalmi Ügyvivői Kamara (Hungarian Association of Patent Agents) shall inform the competent state tax authority by 31 May 2005 concerning the suspension of legal practice or patent agency activities by any lawyer or patent agent from a time prior to 1 January 2005 for the purpose of exemption from taxation-related obligations [Subsection (8) of Section 14 of the RTA]. The information shall contain the natural identification data of such lawyers and patent agents (name, place and date of birth, mother’s maiden name, home address) and the initial day of suspension of activities. The tax returns filed by these lawyers and patent agents for 2004 shall be treated as interim tax returns to be filed on account of the suspension.

(5) The local association of notaries public where the registered office of the notary public is located shall inform the competent state tax authority by 31 May 2005 concerning the suspension of notarial services by the notary public in question from a time prior to 1 January 2005 for the purpose of exemption from taxation-related obligations [Subsection (8) of Section 14 of the RTA]. The information shall contain the natural identification data of such notaries public (name, place and date of birth, mother’s maiden name, home address) and the initial day of suspension of activities. The tax returns filed by these notaries public for 2004 shall be treated as interim tax returns to be filed on account of the suspension.

Act LXXXV of 2005 on the Amendment of Act XCII of 2003 on the Rules of Taxation Section 39 This Act - taking into account what is contained in Sections 41-45 - shall enter into force on 1 January 2006.

Section 40 (5) The provisions of this Act shall be applied to cases pending definitive resolution at the time of this Act entering into force; it shall also be applied to the liabilities to be fulfilled following such date concerning the preceding period or those already due with the exception that if the provisions in force prior to the date on which this Act enters into force prescribe, on the whole, less stringent obligations upon the taxpayer in respect of penalties and surcharges, the maximum rate specified therein may be applied to such liabilities.

(6) After the entry of this Act into force, the liabilities of taxpayers regarding tax assessment, declaration, tax payment, tax advance payment, issuing receipts, data disclosure and tax withholding for the period preceding the date on which this Act enters into force shall be satisfied according to the regulations in force on 31 December 2005.

(7)

(8)

Section 41 (1) The provisions of this Act for the amendment of Section 5, Subsection (2) of Section 12, Section 123, Subsection (4) of Section 124/A, Section 136, Section 137, Subsection (1) of Section 138, Section 141, Subsection (1) of Section 143, and Subsections (3)-(4) of Section 155 of the RTA, and its provisions for establishing Subsection (3) of Section 12 and Subsections (5)-(6) of Section 120 of the RTA shall enter into force on 1 November 2005 and they shall apply to proceedings opened subsequently.

Section 42

Section 43

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Section 44 The provisions of this Act amending Point 16 of Section 178 and Subsection (9) of Section 182 of the RTA, and the provisions establishing Section 132/A, Section 132/B and the new Point 32 of Section 178 of the RTA shall enter into force on 1 January 2007.  
Sections 45-47  
Section 69  
Section 69 (1) Section 69 of this Act shall enter into force on the day of promulgation and shall apply to the tax returns to be filed subsequent to 30 June 2005.  
(2) The taxpayers who complied with the obligations relating to submission of value added tax returns at a frequency other than that prescribed in the RTA before 1 July 2005 by permission of the tax authority - other than the taxpayers required to file at 15-day intervals - shall be allowed to continue such more frequent filing until the end of the tax year. The authorizations granted by the tax authorities for switching from quarterly filing to 15-day submission shall be changed as of 1 July 2005 to monthly filing requirement.  
Act CXIX of 2005 on the Amendment of Certain Acts Concerning Taxes, Mandatory Contributions and Other Payments to the Central Budget Section 177 This Act - taking into account what is contained in Sections 172-206 - shall enter into force on 1 January 2006.  
Section 193 (1)-(2)  
(3) After the entry of this Act into force, the liabilities of taxpayers regarding tax assessment, declaration, tax payment, tax advance payment, issuing receipts, data disclosure and tax withholding for the period preceding the date on which this Act enters into force shall be satisfied according to the regulations in force on 31 December 2005.  
(4)  
(5) The provisions of this Act amending the RTA shall be applied to cases pending definitive resolution at the time of this Act entering into force; it shall also be applied to the liabilities to be fulfilled following such date concerning the preceding period or those already due with the exception that if the provisions in force prior to the date on which this Act enters into force prescribe, on the whole, less stringent obligations upon the taxpayer in respect of penalties and surcharges, the maximum rate specified therein may be applied to such liabilities.  
(6) The provisions of this Act amending Paragraph h) of Subsection (1) of Section 79, Paragraph d) of Subsection (1) of Section 125 and Point I/B/3/c) of Schedule No. 1 of the RTA shall apply to tax assessment procedures opened subsequent to 1 January 2006.  
(7) The provision of this Act amending Subsection (6) of Section 164 of the RTA shall apply to the term of limitation for the right of enforcement of tax liabilities falling due after the operative date of this Act.  
Section 194 The provision of this Act for establishing the new Subsections (4)-(5) of Section 72 of the RTA shall enter into force on the day of promulgation. This provision shall apply to ongoing cases as well.  
Act LXI of 2006 on the Amendments of Financial Regulations Section 237 (1) The provisions of this Act for amending Section 73 of the RTA, appending the new Subsection (3) to Section 2 and establishing Subsection (2) of Section 3 of Act LXV of 2002 on the Hungarian Tax and Financial Control Administration (hereinafter referred to as “APEH Act”), and Sections 248-249 of this Act shall enter into force on the day of promulgation of this Act and shall be applied as of 1 January 2007.  
(2) The provisions of this Act for amending Subsection (4) of Section 14, Paragraph d) of Subsection (3) of Section 16, Subsection (2) of Section 23, Subsection (6) of Section 33, Subsections (4) and (7) of Section 92, Subsections (6)-(7) of Section 108, Subsection (3) of Section 109 and Subsection (2) of Section 143 of the RTA and for establishing Paragraph f) of Subsection (3) of Section 17, Subsection (8) of Section 108 and Subsection (4) of Section 109 of the RTA shall enter into force on the day of promulgation of this Act.  
(3) Section 240 of this Act shall enter into force on the 15th day following promulgation.  
(4) The provisions of this Act enacting Section 20/B of the RTA, amending Paragraph e) and enacting Paragraphs g) and h) of Subsection (1) of Section 22 of the RTA, amending Subsections (2) and (7) of Section 22, Subsection (1) of Section 31 and Subsection (2) of Section 79 of the RTA, enacting Point 32 of Section 178, amending Point ab) and enacting Point ah) of I/B/3/a) and amending Point I/B/3/d) of Schedule No. 1 shall enter into force on 1 September 2006 and they shall apply to proceedings opened subsequent to 1 September 2006.  
(5) The provisions of this Act amending Subsections (3) and (4) of Section 7, Paragraph c) of Subsection (3) of Section 16, Paragraph c) of Subsection (1) of Section 17, Subsections (2)-(3), (5)-(7) and (13) of Section 24, Subsection (3) of Section 31, Subsection (5) of Section 54, and Subsection (2) of Section 119 of the RTA and establishing Section 24/A and Subsection (5) of Section 55 of the RTA, and the provision of Subsection (2) of Section 31 pertaining to tax deducted from interest income shall enter into force on 15 September 2006.  
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by the 20th day of each month free of any default penalty. The first installment of the tax payable shall be due on the 20th of the month following the month when the self-audit is submitted, and henceforward the due date of each further payment shall be consistent with the 20th day of the month to which it pertains.

(3) The amount of tax difference - not including the personal income tax of private individuals and health care and other compulsory contributions of private individuals - shall be payable monthly rounded off to the nearest one thousand forint value according to the general rules on rounding off. The payment of tax arrears in full may be ensured by taking into account the differences stemming from rounding off the monthly figures in the last month’s installment.

(4) Taxpayers shall be required to pay the tax difference adjusted according to Subsection (1) at the time when filing the self-audit if below 50,000 forints in full, and shall have the option to pay it in full if above 50,000 forints.

(5) Payment shall be made in monthly installments under payment facilities, or in one lump-sum to the tax collection account of the Adó- és Pénzügyi Ellenőrzési Hivatal (Hungarian Tax and Financial Control Administration) opened at the Magyar Államkincstár (Hungarian State Treasury), where the state tax authority shall disclose the name of this account and the account number by way of a public notice.

(6) If the taxpayer fails to make any installment when due, the payment facilities shall be withdrawn and the debt and all related charges, including the self-audit surcharge, shall become due and payable in full.

Act CXXVI of 2007 on the Amendment of Tax Laws Section 382

(1) The provisions of this Act amending the RTA shall enter into force - subject to the exceptions set out in Subsections (2)-(5) - on 1 January 2008.

(2) The provisions of this Act establishing Section 36/A of the RTA, the last sentence of Subsection (3) of Section 85/A, Paragraph d) of Subsection (2) of Section 88/A and Subsection (17) of Section 172 of the TA shall apply as of 1 March 2008.

(3) The provisions of this Act establishing Subsection (2) of Section 160 and Section 176/A of the RTA shall enter into force simultaneously with Sections 3-6 of Act XXXVI of 2006 on the Promulgation of the Convention on the elimination of double taxation in connection with the adjustment of profits of associated enterprises, signed in Brussels on 23 July 1990, the Convention on the Accession of the Republic of Austria, the Republic of Finland and the Kingdom of Sweden to the Convention on the elimination of double taxation in connection with the adjustment of profits of associated enterprises, and the related Minutes of the Signing, and the Convention on the accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic to the Convention on the Elimination of Double Taxation in Connection with the Adjustment of Profits of Associated Enterprises, and the related Minutes of the Signing.

(4) The provisions of this Act establishing Subsection (16) of Section 175 of the RTA shall enter into force on the day of promulgation, however, it shall apply as of 1 January 2009.

(5) The provisions of this Act establishing Subsections (17)-(19) of Section 175 and Point 4 of Section 178 of the RTA shall enter into force on the day of promulgation.

(6) The provisions of this Act establishing Subsection (5) of Section 72 of the RTA shall enter into force on 2 January 2008.

Section 476 (1) The taxpayers whose activities - that is subject to value added tax - do not require company registration or private entrepreneur’s license commenced such activities in the territory of the Republic of Hungary before registration shall be invited to register as of the day of this Act entering into force. They shall be able to exercise the right of deduction in the tax return filed in delay, and must comply with their payment obligation from the time of actually beginning their taxable activities.

(2) The taxpayers whose activities - that is subject to value added tax - do not require company registration or private entrepreneur’s license, for whom the tax authority did not assign a tax number with retroactive effect to the time of having actually commenced their taxable activities, on account of which they were unable to exercise the right of deduction and did not comply with their payment obligation for the period preceding the time of registration, shall be allowed to do so by way of self-audit or submission of a tax return.

(3) The right of deduction may be exercised with retroactive effect to 1 May 2004.

(4) The taxpayers referred to in Subsections (1) and (2) may not be held liable for the tax payable for the period preceding the time of registration, where such tax was declared and paid by another taxpayer under the reverse charge procedure.

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The taxpayers referred to in Subsections (1) and (2) shall not be able to exercise on the strength of the rules mentioned in the previous Subsections the right of deduction of any value added tax that was refunded to him according to Government Decree 2/1993 (I. 13.) Korm. on the Refund of Value Added Tax to Foreign-Registered Taxpayers.

The provisions contained in this Section shall apply to the tax periods ending on 31 December 2007, however, the taxpayers who satisfied their tax liabilities before 31 March 2008 shall not be sanctioned by default penalty, default interest or self-revision surcharge for late registration or submission of their tax return. No petition for continuation shall be accepted upon the taxpayer’s failure to meet the above deadline.

Section 477 Taxpayers may apply the provision of this Act amending Subsection (5) of Section 31 of the RTA in connection with their tax returns filed for periods previous to the time of this Act entering into force.

Section 478 The provisions of this Act establishing Section 128/A of the RTA shall be applied - with the exception of Subsection (5) - in regulatory proceedings opened subsequent to the time of this Act entering into force.

Section 479 (1) As regards the TEÁOR numbers that are not shown in the company’s memorandum of association, that can be automatically converted using the conversion codes contained in the KSH Bulletin from the TEÁOR’03 classification into the corresponding classes of TEÁOR’08 consistent with Regulation (EC) No. 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 (for the purposes of this Section hereinafter referred to as “Regulation”), the state tax authority shall ex officio revive them by 31 January 2008 in accordance with the Regulation, provided that they were notified to the state tax authority by 31 December 2007. As regards the sectors of activities that are not shown in the company’s memorandum of association, and that cannot be automatically converted using the conversion codes contained in the KSH Bulletin, the revision of the activities in question shall be notified by the company to the state tax authority in the first notification of changes presented after 31 December 2007, not later than 1 July 2008.

(2) As regards the TEÁOR numbers (sectors of activities) shown in the records of the body operating the register of licensed private entrepreneurs by 31 December 2007, that can be automatically converted using the conversion codes contained in the KSH Bulletin from the system of classification of activities adopted under Joint Guidance No. 8002/2004 (SK. 5.) KSH-APEH on Occupation Codes (for the purposes of this Section hereinafter referred to as “Guidance”) into the corresponding classes of activities contained in the system of classification of activities adopted according to the Regulation, the body operating the register of licensed private entrepreneurs shall ex officio revise them on 1 January 2008 in accordance with the Regulation, and shall inform the competent regional notaries and the state tax authority accordingly through its own information system. As regards the sectors of activities that cannot be automatically converted using the conversion codes contained in the KSH Bulletin, and that were notified to the competent regional notary by 31 December 2007, the revision of the activities in question shall be notified by the private entrepreneur to the competent regional notary in the first notification of changes presented after 31 December 2007, not later than 1 July 2008. Private entrepreneurs may apply for the registration of such changes, or for a replacement of the private entrepreneur’s license free of charge, if the sole reason is conversion to the system of classification prescribed by the Regulation.

(3) For the taxpayers not referred to in Subsections (1)-(2), as regards the TEÁOR numbers and occupation codes that were notified to the state tax authority by 31 December 2007, that can be automatically converted using the conversion codes contained in the KSH Bulletins from the TEÁOR’03 classification into the corresponding classes of TEÁOR’08 consistent with the Regulation or the Guidance, as appropriate, the state tax authority shall ex officio revise them by 31 January 2008 in accordance with the Regulation. As regards the sectors of activities that cannot be automatically converted using the conversion codes contained in the KSH Bulletin, and that were notified to the state tax authority by 31 December 2007, the revision of the activities in question shall be notified by the taxpayer to the state tax authority in the first notification of changes presented after 31 December 2007, not later than 1 July 2008. This provision also applies to the private individuals holding a tax number and engaged in taxable activities, while being engaged in activities for which private entrepreneur’s license is required.

(4) The court of registry shall convey - by way of electronic means - to the state tax authority within thirty days of the time of this Act entering into force information on the main offices of central business administration, if other than the registered office, and the electronic addresses (websites) of companies registered in the companies register on the basis of applications for registration and notifications of changes submitted before the time of this Act entering into force.

Section 480 The provisions of Paragraph d) of Point I/B/2 of Schedule No. 1 and Point 1 of Schedule No. 6 to the RTA relating to the submission of annual accounts to the tax authority by way of electronic means shall be applied.

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for the first time in connection with the annual accounts and simplified accounts filed for 2008, for the taxpayers whose financial year differs from the calendar year it shall be applied for the first time for the tax year where the first day of the tax year is subsequent to 1 January 2008.

Section 481 (1) After the entry of this Act into force, the liabilities of taxpayers regarding notification, tax assessment, declaration, tax payment, tax advance payment, issuing receipts, data disclosure and tax withholding for the period preceding the time of this Act entering into force shall be satisfied according to the regulations in force on 31 December 2007.

(2) The provisions of this Act shall be applied to cases pending definitive resolution at the time of entry of this Act into force; it shall also apply to the liabilities to be fulfilled following such date concerning the preceding period or those already due, with the exception that if the provisions in force prior to the date on which this Act enters into force prescribe, on the whole, less stringent obligations upon the taxpayer in respect of penalties and surcharges, the maximum rate specified therein may be applied to such liabilities.

Schedule No. 1 to Act XCII of 2003

I

DATE OF FILING THE TAX RETURN WITH THE STATE TAX AUTHORITY

A) General Provisions

1. With the exception of the tax return specified in Subsection (2) of Section 31 and the tax returns for the income taxes, special taxes, simplified contributions to public revenues, health care contributions, company car taxes and other compulsory contributions of private individuals, taxpayers shall round off and indicate all figures in units of 1,000 forints, except for any sum payable to workers employed within the framework of simplified employment, which are to be shown in forints. The figures contained in the tax return specified in Subsection (2) of Section 31 shall be rounded off and indicated in units of 1,000 forints for each type of tax. Any difference accumulated due to the application of rounding off shall be taken into consideration within the same tax year for adjustment of the same tax or central subsidy of the following tax assessment period prior to rounding off. If the amount of the tax and/or central subsidy established is below 1,000 forints, the taxpayer concerned shall enter the amount as accumulated from the beginning of the year or carried over from the preceding tax period in his next return as a liability payable in the tax period in which it amounts to 1,000 forints. All figures in the tax returns for the income taxes, special taxes, simplified contributions to public revenues, and health care and other compulsory contributions of private individuals shall be indicated in Hungarian forints. Taxpayers - irrespective of their person - shall supply data in their tax returns for company car taxes indicated in Hungarian forints.

2. Taxpayers not required to file monthly or mid-year tax returns shall file annual tax returns on all types of taxes separately for each period prescribed.

3. Taxpayers shall file returns on all taxes - with the exception of value added taxes and corporate taxes (tax advances), and the tax return specified in Subsection (2) of Section 31 - if the total amount of the net value added tax calculated and accounted for in the second year preceding the tax year, the net consumption taxes and excise taxes, the amount of income tax advances deducted from private individuals, or the total amount of income tax advances and income taxes deducted from private individuals:
   - reaches 10 million forints
   - reaches 4 million forints

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on a quarterly basis.

4. A taxpayer established through reorganization (transformation, division, demerger, fusion, merger) following the last day of the second year preceding the tax year shall also submit a tax return in accordance with Point 3, and if the organization from which it has transformed, separated, was established through demerger, or with which it was fused or merged into was in compliance with the conditions set out in Point 3 in the second year preceding the tax year.

5. In the application of Point 3, the net amount of value added tax claimed for the second year preceding the tax year shall be disregarded for private individuals who are liable to pay value added tax.

6. Self-audit made during the current year for a previous tax assessment period, a tax return filed beyond the deadline, and posteriori tax assessment shall have no effect on the frequency of tax returns for the current year.

7. In respect of consumption taxes and consumer price subsidies, annual recapitulative statements shall be filed for each product group and for each service group, while taxpayers required to file monthly or mid-year tax returns shall file quarterly recapitulative statements.

8. Taxpayers may submit the tax returns concerning taxes and central subsidies prior to the last day of the deadline specified in Part B) of this Schedule. In this case, the amount declared may only be corrected by self-audit; however, the self-audit surcharge shall be assessed from the first day following the deadline prescribed for filing.

B) Tax Return Filing Deadlines

1. Filing deadlines for monthly and mid-year tax returns
   a) Monthly tax returns shall be filed

   by the 20th day of the following month,

   and mid-year tax returns

   by the 20th day of the month following the quarter

   to the tax authority.

   b) If a taxpayer who is liable to pay value added tax fails to fulfill the obligation prescribed in Subsection (2) of Section 135 of the Act on Value Added Tax in the last tax return filed for the tax year, the taxpayer may correct it by self-audit before 15 February of the following tax year without having to pay any self-audit surcharge.

2. Filing deadlines for annual tax returns

   a) Taxpayers who are not required to file monthly or mid-year tax returns - with the exceptions set out in Paragraphs b)-g) - shall file

   by 25 February of the following tax year;

   b) private individuals who are not engaged in entrepreneurial activities and are not liable to pay value added tax, shall file their personal income tax returns

   by 20 May of the following tax year;

   c)

   d) returns concerning any corporate tax advance supplement must be filed

   by the 20th day of the last month of the year;

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e) returns concerning corporate taxes and dividend taxes must be filed by 31 May of the following tax year;

f)-h) taxpayers, other than private individuals, shall file their tax returns on tax charged on certain big ticket items 2/A.

3. Special provisions pertaining to the filing of tax returns
   a) Taxpayers who are liable to pay value added tax shall
      aa) file tax returns quarterly, subject to the exceptions set out in this Schedule;
      ab) file tax returns monthly if the difference between the total amount of tax payable for the tax period(s) of the second previous year and the amount of value added tax that may be deducted originating from the same or previous tax periods, that have, however, been claimed during the tax period(s) of the second previous year (hereinafter referred to as “VAT liability”) is positive for the entire year - or has been prorated on an annual basis - and is at least one million forints, as well as the taxpayers referred to Subparagraphs aj), ak) and al);
      ac) file a tax return annually if the total amount of tax to be accounted for the second year preceding the tax year did not reach 250,000 forints (negative or positive) for the entire year - or has been prorated on an annual basis - and if the taxpayer does not have a community tax number;
      ad) switch from filing annually to filing quarterly if the difference between the tax payable and deductible from the beginning of the current year has reached the amount limit specified in Paragraph ac) or if the tax authority has assigned a community tax number during the course of the tax year. The first yearly tax return shall be filed by the deadline prescribed for quarterly tax returns and shall concern the period that begins on the first day of the year and ends on the last day of the quarter in which the amount limit is reached or in which the tax authority has issued the community tax number;
      ae) switch from filing quarterly to filing monthly if the total amount of tax to be accounted from the beginning of the year is positive and amounts to at least one million forints. The first monthly tax return shall concern the month that follows the quarter in which the amount limit is reached;
      af) switch from filing annually to filing monthly if the difference between the tax payable and deductible from the beginning of the current year is positive and amounts to at least one million forints. The first yearly tax return shall concern the period that begins on the first day of the year and ends on the last day of the quarter in which the above-specified difference reaches the amount limit referred to in Subparagraph ab), and monthly tax returns shall be filed thereafter, beginning with the following month;
      ag) tax shall be assessed
         - for the period beginning with the first day and ending with the last day of the month for taxpayers required to file monthly,
         - for the period beginning with the first day and ending with the last day of the quarter for taxpayers required to file quarterly,
         - for the period beginning with the first day and ending with the last day of the year (tax assessment period) for taxpayers required to file yearly,
      ah)
     ai) self-audit made relating to any tax return filed for the current year and posteriori tax assessment shall have no effect on the frequency of tax returns for the current year;
     aj) file tax returns monthly if subject to value added tax liability under the group taxation scheme;
     ak) the indirect customs representatives referred to in Section 96 of the Act on Value Added Tax shall file tax returns monthly;
     al) file tax returns monthly if not engaged in the supply of goods and/or services in the domestic territory that is subject to tax liability other than the importation of goods underlying the exemption in connection with the intra-Community supply of goods in accordance with the Act on Value Added Tax, whereby a tax return is not required for the month during which the taxpayer did not perform any supply of goods as specified in this Subparagraph;
     am) the monthly tax returns referred to in Subparagraphs ak) and al) shall be submitted initially for the month during which the taxpayer is required to file a statement according to Paragraph f) or g) of Subsection (1) of Section 22 of the RTA or a declaration for releasing the goods into free circulation. If switching to monthly settlement during
the course of the year, the taxpayer shall file a tax return for any period not previously covered together with the initial monthly tax return, and shall simultaneously pay the tax applicable, or may apply for a refund as of that date.

b) The taxpayers established through transformation or division shall submit tax returns for their value added tax liabilities in the same frequency as the organization from which they were transformed. The taxpayers established by way of merger shall submit tax returns for their value added tax liabilities consistent with the predecessor who was required to file more frequently.

c) The value added tax payable in connection with the acquisition of new means of transport - exclusive of passenger cars and motorcycles that are subject to motor vehicle registration duty - in any Member State of the European Communities, if the buyer is a private individual or organization who (that) is not subject to the value added tax system, a legal person deemed non-taxable for the purposes of value added tax who is liable for the tax payable, a taxpayer engaged exclusively in activities without entitlement to tax deduction, a taxpayer claiming individual tax exemption or engaged exclusively in agricultural activities under special legal status, or a taxpayer taxed under the simplified entrepreneurial taxation system, shall be declared and paid to the state tax authority by the 20th of the month following the month of purchase.

d) Taxpayers claiming individual tax exemption, taxpayers engaged exclusively in activities without entitlement to tax deduction and taxpayers engaged exclusively in agricultural activities under special legal status shall file their value added tax returns monthly under any and all circumstances.

e) Taxpayers with community tax numbers, if a legal person deemed non-taxable for the purposes of value added tax who is liable for the tax payable and taxpayers taxed under the simplified entrepreneurial taxation system shall declare their transactions within the framework of intra-Community trading by the 20th day of the month following the chargeable event and pay the value added tax charged on such transactions at the time of filing the declaration. No declaration shall be filed for any period in which the taxpayer did not engage in any intra-Community trading. Taxpayers with community tax numbers, if a legal person deemed non-taxable for the purposes of value added tax and if liable for the tax payable in connection with services received from a taxable person established outside the Community, shall declare such services by the 20th day of the month following the chargeable event and pay the value added tax charged on such transactions at the time of filing the declaration.

f) As regards the frequency of filing value added tax returns required for private entrepreneurs, the value added tax charged on the transfer of a building structure (part of a building) and the land on which it stands, or the transfer of a building land (land parcel) as a private individual in a series of transactions shall be excluded.

g) The provisions of Schedule No. 4 shall be applied in connection with the declaration of the income of foreign nationals.

h) Private entrepreneurs engaged in auxiliary activities and required to pay health services contributions and pension contributions shall declare such health services contributions and pension contributions annually, in their personal income tax return.

4. Declaration of central subsidies

a) Central subsidies shall be established for a period between the first and last day of each month.

b) In derogation from Paragraph a), taxpayers shall establish the amount of conditional central subsidies in accordance with the provisions set out in the legislation that governs such subsidies. Proof of having satisfied such condition shall be attached to the application.

c) Upon a taxpayer’s request, the tax authority may grant permission for central subsidies to be claimed more frequently (five, ten or fifteen days). A taxpayer who is eligible to claim central subsidies more frequently shall establish such subsidies monthly and shall file a return by the 20th day of the following month.

5. Declaration of taxes not mentioned elsewhere

Any tax payment obligation not regulated in this Schedule shall be performed according to the provisions contained in the act prescribing it. If an act establishing a tax obligation concurrently orders the fulfillment of the obligation in the annual tax return or annual recapitulative statement, the taxpayer shall, in the absence of such return or declaration, comply by 25 February of the following year.

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II

DEADLINE FOR FILING DECLARATIONS PERTAINING TO EXCISE TAXES PAYABLE TO THE CUSTOMS AUTHORITY

Taxpayers who are required to pay excise taxes shall declare excise taxes monthly, by the 20th day of the following month, regardless of the periods otherwise prescribed by law for fulfilling the obligation to file tax returns.

Schedule No. 2 to Act XCII of 2003

Due Dates of Taxes and Central Subsidies

I

PAYMENTS TO BE MADE TO THE STATE TAX AUTHORITY

General Provisions

1. Taxes shall be paid by the deadline prescribed in the Schedule, and central subsidies shall be disbursed from the date specified in this Schedule. In the cases described in Paragraphs (a)-(c) and (e) of Subsection (3) of Section 33 of this Act, taxpayers shall pay the tax at the time they file their tax returns.

2. By way of derogation from the provisions set out in this Schedule, payment liabilities incurred prior to the date of the opening of liquidation shall be performed in accordance with the provisions of the Act on Bankruptcy Proceedings and Liquidation Proceedings. According to Subsection (6) of Section 33, taxpayers undergoing liquidation shall satisfy their tax liabilities after a tax return is submitted simultaneously with the final tax return for closing out the activities, according to the provisions on final tax returns for closing out the activities, after a tax return is submitted simultaneously with the tax return filed upon the conclusion of liquidation proceedings, according to the provisions on tax returns filed upon the conclusion of liquidation proceedings. Taxpayers undergoing dissolution shall satisfy their tax liabilities simultaneously with filing the tax return closing out their activities and the final tax return, and the declaration for the period covering the duration between the two tax returns shall be filed - in the absence of any provision to the contrary - according to the general provisions. According to Subsection (6) of Section 33, taxpayers undergoing dissolution shall be required to pay the tax at the time of submission of a tax return submitted simultaneously with the final tax return for closing out the activities, or the tax return filed upon the conclusion of dissolution proceedings.

3. Taxes registered at the state tax authority - with the exception of income taxes, special taxes, simplified contributions to public revenues, and health care and other compulsory contributions paid by private individuals, as well as property acquisition duties and company car taxes charged to private individuals and sums payable within the framework of simplified employment - and central subsidies shall be paid in sums rounded off to units of 1,000 forints. Taxpayers - irrespective of their person - shall pay company car taxes in forints, without rounding off. Taxpayers shall not be required to pay income tax if they amount to less than 100 forints, and the tax authority shall not refund or keep records of any amount of income tax below 100 forints.

Deadlines

1. Personal income tax
   A) Personal income tax advance
      a) Employers shall pay the income tax advances they have deducted

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by the 12th day of the month following the month to which they pertain;

b) payers shall pay the income tax advances they have deducted

by the 12th day of the month following the month of payment;

c) private individuals, if they receive incomes from a source other than a payer or if the payer does not deduct any tax advance for any reason, furthermore, private entrepreneurs and small-scale agricultural producers shall pay the tax advance quarterly

by the 12th day of the month following the quarter.

B) Personal income tax

a) Employers shall pay the differential of the personal income tax established at the end of the year and the tax advance already deducted and paid

by the 12th day of the month following the date of deduction.

If monthly accounting indicates an amount of refund liability higher than the total of tax and tax advance deducted during the same month, the employer may request the difference to be refunded as of the above date. In respect of year-end accounting, employers may request a refund of a tax difference at a time so as to have the amount of tax refunded available at the time of next payment of wages.

b) Payers shall pay the income tax they have deducted

by the 12th day of the month following the date of deduction.

c) Private individuals not engaged in entrepreneurial activities, if not liable to pay value added tax, shall pay the personal income tax

by 20 May of the following tax year.

d) Private individuals who are engaged in entrepreneurial activities or who conduct sales on which value added tax must be paid shall pay the personal income tax

by 25 February of the following year.

2. Value added tax

a) Taxpayers who are liable to pay value added tax shall pay the net amount of value added tax payable

- if filing monthly,

by the 20th day of the following month,

- if filing quarterly,

by the 20th day of the month following the quarter,

- if filing annually,

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by 15 February of the following tax year

or may apply for a refund as of this date.

b) Taxpayers required to file annual or quarterly tax returns may request permission to file, respectively, quarterly or once a month. The tax authority may authorize more frequent filing until the end of the tax year, particularly if the rate of deductible value added tax charged on the taxpayer’s purchases is higher than the rate of value added tax charged by the taxpayer, or in respect of a development project in progress. The tax authority shall refuse the request for authorization if either of the following applies to the taxpayer:

within a period of two years prior to the date of submission of the request:

- the taxpayer’s tax number had been suspended or withdrawn,
- the tax authority imposed a default penalty upon the taxpayer - by final decision - for failure to meet the obligation to issue invoices, or cash receipts, for the employment of any unregistered employee, or for obstructing the audit,
- the taxpayer changed his registered address on at least three occasions,
- the taxpayer’s name appeared on the list to be published according to Subsection (3) or (5) of Section 55,
- the taxpayer is or has been adjudicated in an enforcement procedure for the recovery of a tax debt of 25 million forints or more.

If more frequent filing is permitted during the year, the tax liability for the period for which no tax return has yet been filed, which precedes the transition to the type of declaration prescribed by the permit, must be assessed, declared, and paid.

3. Corporate tax
A) Corporate tax advance
a) A taxpayer

if paying tax advance monthly in accordance with the Act on Corporate Tax and Dividend Tax shall pay the tax advance

by the 20th day of each month;

if paying tax advance quarterly in accordance with the Act on Corporate Tax and Dividend Tax shall pay the tax advance

by the 20th day of the month following the quarter.

The tax advance for the last month or quarter for the tax year shall be paid together with the advance supplement prescribed in Paragraph b) if required to pay the advance supplement according to the Act on Corporate Tax and Dividend Tax.

b) Taxpayers shall pay the tax advance supplement declared according to Point I/B/2./c) of Schedule No. 1 by the 20th day of the last month of the year to which it pertains.

B) Corporate tax
a) Taxpayers shall pay the corporate tax, the difference between the tax advances paid and the corporate tax assessed for the tax year,

by 31 May of the following year

or may request a refund of such as of this date.

b) Legal persons and other organizations transformed during the year or terminated by way of division, fusion, merger or other reasons, other than liquidation, shall pay the difference of the tax advances paid in the tax year and the corporate tax calculated up to the date of transformation or termination concurrently with filing the tax return on transformation or termination, or may request refund of such as of the same date.

c) In accordance with the provisions of the Accounting Act, entrepreneurs switching from forints to a foreign currency, from one foreign currency to another, or from a foreign currency to forints in respect of the data indicated The English language translations of the regulations published on this website do not qualify as official translations issued by any Hungarian public authority and may not reflect the latest amendments made to the respective regulations. UniCredit Bank intends to but does not undertake to update this website by publishing the most recent wording of the regulations being entirely effective from time to time.
in the balance sheet shall pay the difference of the tax advances paid in the tax year and the actual corporate tax calculated up to the date of transition concurrently with filing the tax return in respect of the transition or may request a refund of such as of that date.

C) Dividend tax
   a) Payers shall pay the dividend tax

by the 12th day of the month following the deduction or payment.

b) Resident taxpayers receiving dividends may apply for refund of dividend taxes deducted by payers

as of 31 May of the following year.

c) The provisions set forth in Schedule No. 4 shall apply to the dividend tax liabilities of nonresident taxpayers.

4. 5. Compulsory contributions
A) Health insurance contributions in kind, monetary health insurance contributions, labor market contributions and pension contributions
   a) Employers shall pay withheld contributions

by the 12th day of the month following the month to which they pertain,

b) payers shall pay withheld contributions

by the 12th day of the month following the month of payment,

c) private entrepreneurs described in Paragraph b) of Section 4 of the SPA shall pay the contribution monthly

by the 12th day of the month following the month to which they pertain.

B)
C) Health services contributions and pension contributions
   a) Business associations shall pay the contributions monthly

by the 12th day of the month following the month to which they pertain;

b) private entrepreneurs engaged in auxiliary activities shall pay the contributions quarterly

by the 12th day of the month following the quarter.

D) Health services contribution prescribed under Section 39 of the SPA
   Private individuals shall comply with requirements to pay contributions prescribed under Subsection (2) of Section 39 of the SPA

initially by the 12th day of the month following the month when registered,

and subsequently

monthly, by the 12th day of the following month.

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6. Game tax

6.1. Subject to the exceptions set out in Points 6.2-6.4, taxpayers shall declare and pay the game tax, by the 20th day of the following month, and in the case of non-regular drawings by the 20th day of the month following the draw.

6.2. Taxpayers shall pay the annual tax on gaming machines simultaneously upon the submission of the related tax return.

6.3. Taxpayers shall declare and pay the 20 per cent game tax on the operation of gaming machines by the 20th day of the month following the given quarter.

6.4. Taxpayers shall declare and pay the 33 per cent game tax on the operation of fixed server-based gaming machines and non-fixed server-based gaming systems by the 20th day of the month following the quarter.

7. Occupational rehabilitation contributions

Taxpayers shall pay the advance on contributions for rehabilitation purposes, calculated as defined by the relevant legislation, in the first three quarters by the 20th day of the month following the quarter.

The difference between the advances paid and the annual contribution shall be paid for the tax year by 25 February of the following tax year.

8. Payments not mentioned elsewhere

Taxes not listed above shall be paid in a manner and by the deadlines prescribed in specific other legislation. In the absence of such and if any advance payment is prescribed by law, they shall be paid by the 28th day of the month in question, the tax by the 20th day of the following month, and the tax established for the tax year concurrently with the annual tax return. Taxes established and corrected by self-audit, to be performed on the basis of any legislation that have been abolished, and the tax established by the tax authority shall be paid under the title of other payments while central subsidies may be applied to be refunded under the title of other subsidies.

II

Payments to Municipal Tax Authorities

General Provisions

Taxpayers shall not be required to pay any tax liability of less than 100 forints owed to municipal tax authorities, and the municipal tax authorities shall not refund nor keep records of any tax refund less than 100 forints.

A) Local taxes

1. Building tax and property tax

Taxpayers shall pay tax biannually in two equal installments:

by 15 March and

by 15 September of the tax year.

2. Community tax, local business tax

a) Private individuals shall pay tax biannually in two equal installments:

by 15 March and

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by 15 September of the tax year.

b) Entrepreneurs shall pay tax advances in biannual installments

by 15 March and

by 15 September of the tax year.

c) Entrepreneurs required to supplement the amount of corporate tax advance up to the amount of tax liability estimated for the tax year shall supplement local business tax advances up to the amount of tax estimated for the year

by 20 December of the tax year.

d) Local business tax on temporary (occasional) activities shall be paid by the 15th day of the month following the month when such activity is terminated.

e) Entrepreneurs shall pay the difference between the tax advance paid and the actual tax established for the tax year

by 31 May of the following tax year

or may request a refund of such as of this date.

f) Taxpayers shall pay or request a refund of the difference between the tax advance and the actual annual liability, rounded off to the nearest 100 forints.

3. Tourism tax
a)

by 15 March and

b) Taxpayers shall pay the tourism tax they have collected

by the 15th day of the month following collection

to the tax authority.

4. If a municipal government prescribes different rules regarding the deadlines for paying tax advances and tax, such payments shall be effected by the deadline specified in the relevant decree.

B) Tax on Motor Vehicles Registered in Hungary

a) Taxpayers shall pay tax on motor vehicles registered in Hungary - with the exceptions set out in Paragraph b) - biannually in two equal installments

by 15 March and

by 15 September of the tax year.

b) In respect of the commencement (change) of tax liability, taxpayers shall pay the tax charged for the commensurate period of the half year within 15 days of the date on which the resolution therefor becomes definitive.

III

Central subsidies

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1. Taxpayers may apply to the state tax authority for central subsidies rounded off to the nearest 1,000 forints.
2. Unless otherwise prescribed by the relevant legislation on subsidies,
ad) taxpayers may apply for central subsidies established on a monthly basis

as of the 20th day of the following month;
b) for conditional central subsidies filed

as of the date of submission of the declaration

with the prescribed schedules attached.
3. Taxpayers may apply for agricultural and food export subsidies monthly

as of the 20th day of the following month.
4. More frequent use of subsidies, one-time advance
a) The tax authority shall disburse central subsidies upon a taxpayer’s application, more frequently upon request and in justified cases, or may permit a one-time advance on central subsidies.
b) In the event of the tax authority granting permission for more frequent (five, ten or fifteen days) use of central subsidies, the difference between the advances received during the month and the amount of eligibility for the month shall be applied for

as of the 20th day of the following month

or shall be paid by that date.
c) If a one-time advance is granted, it shall be available as of the 20th day of the first month in the relevant quarter, and it shall be repaid

by the 20th day of the month following the quarter.
5. Tax refund
Value added taxes shall be refunded on the last day of the month following the submission of the application therefor if the taxpayer concerned is not subject to value added tax liabilities but is allowed to request a refund of the value added tax charged on his purchases and if he has not applied for such as described in Subsection (15) of Section 22. Otherwise, the provisions of Subsection (4) of Section 37 shall be applied regarding the deadlines for such refunds.

IV

Tax Liabilities Pertaining to Excise Taxes Payable to the Customs Authority
Payment of excise taxes
A) Excise tax advance
Taxpayers shall pay the excise tax advance monthly

by the 25th day of each month.
B) Excise tax
Taxpayers shall pay the difference of the advance on the excise tax and the net excise tax established monthly

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by the 20th day of the following month

or may apply for a refund as of that date. These provisions shall apply with respect to tobacco products only if the tax is paid by means other than tax seal.

General Provisions

Taxpayers shall not pay any tax liability owed to the customs authority if they amount to less than 1,000 forints, and the customs authority shall not refund or keep records of any amount less than 1,000 forints.

Schedule No. 3 to Act XCII of 2003

Data Disclosure

On the basis of Section 52 of this Act, data shall be disclosed as follows:
A) Disclosure of data by payers and employers
A/I. Payers shall disclose data on income received from the lease of arable land (land allotment) and on the tax deducted as well as on the lease contract that was concluded for a term covering the minimum duration for tax exemption if terminated inside of such duration and on the identification data of the leased land as contained in the land registry to the municipal tax authority responsible for the place where the land is located. The data disclosed shall include the reason for not deducting tax (payment in kind). Payers shall disclose data by 31 March of the following tax year on paper.
B) Disclosure of data by insurance companies
Insurance companies shall supply data on pension provisions paid on the basis of pension insurance, furthermore, if a private individual has exercised his right of disposition concerning his life insurance or his pension insurance, concluded after 1 January 1995, within 10 years of signing such contract. Data shall be disclosed electronically by 31 January of the year following the year of payment or the exercise of right of disposition to the state tax authority, with the data for the identification of the private individual concerned attached.
C) Data disclosure by the real estate supervisory authority
1. The real estate supervisory authority shall supply to the state tax authority the data and information it has available and that are necessary for assessing duties, and in connection with any transfer of real estate properties, including the seller and the selling price shown in the relevant contract, furthermore, in connection with the transfer of arable land on the fact of transfer of the arable land, in the case of waiving any right in real property for consideration or the quid pro quo establishment, transfer (consignment) or termination of such right, on the private person transferring (consigning) the property or establishing or terminating such right and the contractual value of such right, and attach the filled out form described in Subsection (2) of Section 21 of this Act within eight days of receiving an application to register a real property. Upon receipt of an official request containing a taxpayer’s personal data, the real estate supervisory authority shall provide the tax authority with the data on all of the real property of record owned by such taxpayer.
2. The real estate supervisory authority shall supply information on the lease contracts concluded for a term covering the minimum duration for tax exemption and on their termination to the municipal tax authority responsible for the place where the land is located within eight days of the date of registration in the land tenure register.
D) Disclosure of data by credit institutions, payment service providers and investment service providers
D/I. Disclosure of data by credit institutions
1.
2-3.
4.
5. Payment service providers carrying current accounts shall notify the state tax authority concerning the opening and closing of current accounts - with the exception of the current accounts registered by the registrar of companies - by the 15th day of the month following the date of opening or closing, with the relevant account numbers indicated.

D/II. Disclosure of data by investment service providers

Investment service providers shall supply data by way of electronic means to the state tax authority by 31 January of the year following the tax year in connection with an assignment to transfer securities from the securities account (securities escrow account) of a party to the securities account (securities escrow account) of another party, and if either or all of the persons (parties) to the transaction are private individuals, containing the identification data and tax identification code/tax number of the parties to the contract, the type of securities transferred and their face value, and - if the party on whose behalf the transfer was carried out verifies or declares - the profit made on the transfer of the said securities.

E) Disclosure of data by municipal government notaries

Notaries of municipal governments shall disclose data on business licenses issued (revoked, revised) for commercial activities with excise products within fifteen days to the state tax authority.

F) Disclosure of data by bodies providing pension benefits, rehabilitation benefits, benefits provided before the legal age limit, service emoluments, ballet dancers’ annuities, provisional miners’ allowances

The bodies providing pension benefits, rehabilitation benefits, benefits provided before the legal age limit, service emoluments, ballet dancers’ annuities, provisional miners’ allowances shall supply information - based on the electronic disclosures made by 31 January of the year following the tax year relating to persons pursuing any gainful activity while receiving pension benefits, benefits provided before the legal age limit, service emoluments, ballet dancers’ annuities or provisional miners’ allowances - including their natural identification data and tax identification codes - relying on the information contained in the tax returns submitted to the state tax authority according to Subsection (2) of Section 31 of the RTA, by way of electronic means to the state tax authority by 15 February of the year following the tax year concerning the amount of pension benefits, rehabilitation benefits, benefits provided before the legal age limit, service emoluments, ballet dancers’ annuities, provisional miners’ allowances paid out during the tax year. The state tax authority and the bodies providing pension benefits, rehabilitation benefits, benefits provided before the legal age limit, service emoluments, ballet dancers’ annuities, provisional miners’ allowances shall comply with the disclosure requirements specified above relating to private entrepreneurs engaged in auxiliary activities by 15 March and by 31 March, respectively, of the year following the tax year.

G) Disclosure of data by various authorities

1. The building authority shall send a copy of final and binding occupancy permits and final and binding continuation permits it has issued to the competent municipal tax authority and the state tax authority of jurisdiction by reference to the location of the given real estate property, also indicating the time when they were declared binding.

2. The body operating the registry of motor vehicles and the central body operating the register of personal data and address records of citizens shall supply data from its motor vehicle records, and from the records prescribed by Act LXVI of 1992 as current on the 1st of January to the municipal tax authorities and the district governments in Budapest of competence for the imposition of motor vehicle taxes by 31 January, containing the following information:
   a) the registration plate number and chassis number of vehicles, the net weight of passenger cars and the net weight and allowable gross weight of trucks;
   b) name and address, or registered address or place of business of the vehicle’s owner - by definition of the Motor Vehicle Tax Act -, and the natural identification data of private individuals or the registration number of corporate entities, as applicable;
   c) date of placing and removing the motor vehicle into or from service, and the reason for removing it from service;
   d) data of change in ownership;
   e) the environmental category of the vehicle;
   f) the motor vehicle’s capacity (kW, or alternatively LE) as specified in Points 3 and 7 of Section 18 of Act LXXXII of 1991 on the Motor Vehicle Tax, and the year of manufacture.
   g) an indication if the truck or bus is equipped with air suspension or another similar suspension system (road-friendly axle).

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3. The body operating the registry of motor vehicles and the central body operating the register of personal data and address records of citizens shall supply data from its motor vehicle records, and from the records prescribed by Act LXVI of 1992:
   a) by the 20th day of each month, based on the status of the vehicle on the last day of the previous month if indicating any changes from the previous data disclosure period concerning tax liabilities (for example, placing and removing the motor vehicle into or from service, conversion, any change in performance specifications or in its environmental category),
   b) by the 20th of January, concerning any notification of change in ownership made by the previous owner if it took place during the previous year,
   c) by the 20th of January, the first and last day of ownership of any owner who failed to fulfill the obligation of registration and was subsequently registered as owner by the traffic control authority, and the body operating the registry of motor vehicles during the previous year, provided that the ownership right of this person existed on the first day of any calendar day (this owner hereinafter referred to as “intermediary owner”),
   d) by the 20th of January, the first and last day of ownership of any intermediary owner who was subsequently registered by the traffic control authority in the register of motor vehicles during the period between 1 January 2006 and 31 December 2009 to the municipal tax authorities and the district governments in Budapest of competence for the imposition of motor vehicle tax containing the information prescribed under Point 2.

4. The traffic control authority of the first instance shall convey by way of electronic means to the state tax authority information concerning the serial number of the postal money order in proof of payment of property acquisition duty presented by the client in connection with a motor vehicle or trailer in the course of proceedings for the registration of title of or operating rights for the motor vehicle, or any changes therein, as fixed in the computerized traffic administration system, the manufacturer's code and the amount of duty paid up, via the body operating the Registry of Motor Vehicles, furthermore, the body operating the Registry of Motor Vehicles shall supply information according to Subsections (1) and (2) of Section 9 of Act LXXXIV of 1999 on the Registry of Motor Vehicles, to the extent necessary for verifying payment of property acquisition duty on motor vehicles and trailers (make and model of the vehicle, its type, category, license plate number, engine size, chamber volume, horse power, total weight, year of manufacture, the identification data, home address or registered office and the tax identification number of the vehicle’s owner or authorized operator).

5. District offices and the customs authorities shall supply data on record on the last day of the previous month by the 15th day of each month concerning the issue of temporary registration plates marked “E” and “P” to the competent municipal tax authority responsible for the place where the residence of the applicant is located. The notice shall contain the applicant’s name, mother’s name, place and date of birth and home address (registered address), and the model of the vehicle and the number of the registration plate.

6. The construction regulatory authority shall supply the following information - electronically - from the data notified in connection with the commencement of construction activities to the state tax authority:
   a) address and topographical lot number of the construction site;
   b) builder’s (contractor’s) name (corporate name), address (registered office), tax identification number, proof of authorization required under specific other legislation to engage in construction activities (contractor’s license, registration in the register of companies).

7. The Közigazgatási és Elektronikus Közszolgáltatások Központi Hivatala (Central Office for Administrative and Electronic Public Services) shall disclose by way of electronic means to the state tax authority - by the 15th day of each month, effective as on the last day of the previous month - the natural identification data, nationality, electronic mail address, customer port of entry identifier of those persons who opened a customer port of entry or terminated their existing one.

8. The bureau operating the register of compulsory motor vehicle liability insurance policies and the body operating the registry of motor vehicles shall disclose data, respectively, from the central policy records or the register of motor vehicles, by 31 January of the following year, on compulsory motor vehicle liability insurance policies terminated due to non-payment of premium, and on proceedings opened for having a motor vehicle removed from registration, to the state tax authority - by way of electronic means - containing the following information:
   a) name of the insured party (operator) (corporate name of legal persons and unincorporated business association, including registered number, registration number), place of birth, date of birth, mother’s name and address, or registered office (branch);

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b) the vehicle’s distinguishing sign (registration plate) and chassis number;
c) the starting date of risk coverage and the date of termination of coverage;
d) the date of removing the motor vehicle from service.

H) Disclosure of data by taxpayers engaged in the business of selling new motor vehicles in accordance with the Act on Value Added Tax

Taxpayers shall supply the following information to the state tax authority, using the prescribed form, by the 20th day of the month following the value added tax period that covers the date of supply:
a) the name and address of the buyer established in another Member State of the European Communities, if he does not have a Community tax number;
b) the particulars of the new means of transport and its price, exclusive of value added tax;
c) the invoice date or the date of first entry into service of the means of transport if earlier than the invoice date.

I) Disclosure of data by the government employment agency

1. The government employment agency shall supply data electronically to the state tax authority by 31 January of the following tax year on the identification data and tax identification codes of persons in respect of whom the payment of unemployment benefits was terminated due to any gainful activity terminating entitlement to such benefits, and, if available, on the employers of such persons along with their tax numbers and the date when payment of unemployment benefits was terminated.

2. The government employment agency shall supply data electronically to the state tax authority by the fifth day of the following month in connection with Certificates issued under the Karrier Híd Program, including those withdrawn or reinstated, on the natural identification data, home address and tax identification codes of persons holding such Certificates, indicating also the serial number, the date of issue and first and last day of validity of the Certificates, and also if the Certificate is withdrawn or reinstated.

J) Disclosure of data on certificates of entitlement for tax allowance

1. Upon issuing a certificate of entitlement to a private individual for tax allowance (tax exemption), the agency making out the tax allowance certificate shall disclose data on such a certificate issued to the taxpayer by conveying the same information as contained in the certificate. Data shall be disclosed by way of electronic means to the competent state tax authority of the agency making out a tax allowance certificate by 31 January of the year following the tax year to which it pertains.

2. For the purpose of control of social contribution tax allowance that may be claimed with respect to long-term job-seekers and to workers employed after the payment of child-care benefits, child-care allowance and child-raising benefits, the agency of issue of the certificate of entitlement for tax allowance shall disclose the details contained in the certificate of entitlement for tax allowance made out for the given month by way of electronic means to the state tax authority by the fifth day of the following month.

K) Disclosure of data by distributors (resellers) of official forms

1. Distributors (resellers) of official forms, unless prescribed otherwise by the relevant legislation, shall disclose data separately on each purchaser of blocks of invoices, receipts and consignment notes suitable for tax identification purposes.

2. The data disclosed shall include:
a) description of the forms (invoice blocks, receipt blocks, blocks of consignment notes) sold,
b) serial number (first and last) of the blocks,
c) name and address (registered office or place of business) of the purchaser,
d) tax number of the purchaser.
e) name and tax identification number of the private individual representing the purchaser.

Distributors (resellers) of such forms shall disclose data quarterly, by the 20th day of the month following the quarter to the state tax authority.

L) Disclosure of data on certificates of entitlement for central subsidies

If the relevant legislation prescribes a certificate to be issued by another agency and submitted for eligibility for central subsidies, the agency issuing the certificate shall disclose data on the certificate issued by the 15th day of the month following the month of issue to the competent tax authority by the registered address, place of business or residence of the person requesting it. The data disclosed shall include the name, corporate name, tax identification number of the person requesting the certificate, as well as the facts, circumstances and data indicated therein and the legal title for request. Issuing a certificate may be denied if the applicant fails to disclose the legal title for requesting

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subsidies. The certificate must indicate the legal title for the requested subsidies, as it may be used solely for the subsidy indicated.

M) Special cases of data disclosure
Any taxpayer terminated without succession and any private individual who is recognized as a private entrepreneur under the Personal Income Tax Act and has terminated such activities or if the official authorization for such activities has been withdrawn by final decision, shall be required to satisfy the obligation of data disclosure prescribed in this Act or other acts pertaining to taxes or central subsidies simultaneously with the interim tax return to be filed on annual taxes.

N) Disclosure of data by municipal government notaries
Notaries shall supply data to the state tax authority within forty-five days following the deadline for filing tax returns on taxes charged on real estate properties concerning the members (shareholders) of nonresident companies with any real estate holding within the municipal government’s area of jurisdiction valued up to 500 million forints if the tax is assessed based on the adjusted market price, or holding a building of up to 1,000 square meters or a landed property up to 10,000 square meters if it is calculated on net floor space or net area, including the shares of each member relying on the information contained in the tax returns filed by the nonresident companies on taxes charged on real estate properties.

P) Schedule No. 4 to Act XCII of 2003

Special Rules of Taxation Applicable to the Income of Foreign Nationals

1. In respect of the income of nonresident private individuals received from payers subject to the obligation to deduct taxes and tax advances in connection with activities performed in Hungary and of the income of such persons of domestic origin as per the place of the gainful activity, such as interest, remuneration paid to performing artists and athletes or for presentations and exhibitions, loyalties and dividends (hereinafter referred to as “taxable income”), the provisions of this Schedule shall be applied.

2. Payers shall assess and deduct the tax from the taxable income of nonresident private individuals, and pay it by the 12th day of the month following the time of payment.

The payer shall deduct the tax according to the relevant international agreement if the nonresident private individual, or his representative, provides the certificates and statements prescribed in this Schedule by the date of pay-out.

3. No tax shall be deducted, declared and paid on an income that is exempt from taxation under international agreement, and if the nonresident private individual verifies his domicile.

4. by 31 May of the following tax year.

5. If the tax deducted from a nonresident private individual is higher than the tax rate to be applied by virtue of international agreement, the foreign person concerned may submit an application for refund to the state tax authority, with a certificate from the payer and a certificate of domicile attached. The tax authority shall remit payment of such tax difference to the payment account indicated by the nonresident private individual.

6. In connection with any tax refund the nonresident private individual may be represented in front of the tax authority by his custodian with proper authorization, or by his proxy if registered in the payer’s register of shareholders at the time of payment of the dividends. The custodian or the proxy may give and grant authorization for representation to a person with proper entitlement.

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7. Foreign domicile shall be verified by a copy of the Hungarian translation of the document made out in English by the relevant tax authority or by an international organization to verify entitlement for tax exemption (hereinafter referred to as “proof of domicile”). Proof of domicile shall be produced each tax year, even if it has not changed since the last verification was filed. Nonresident private individuals shall present such proof of domicile prior to the date of first payment in a tax year or, in respect of any changes in their resident status, prior to the first payment following such change. If a foreign person is unable to verify his domicile by the due date of payment, the payer may accept a written statement from such person concerning his domicile. If the nonresident private individual fails to produce any proof of his domicile by the deadline for filing his tax return, the payer shall declare and pay the tax not deducted at the time of payment (or not paid upon receipt of benefit) as an obligation for the last month of the tax year. If the proof of domicile is presented after the tax return has been filed, the payer may apply corrections by way of self-audit. Payers shall be required to retain such statements and proof of domicile. Any resident investment service provider that is engaged in the provision of cross-border services may accept in proof of foreign residence the customer’s identification document that indicates the customer’s nationality, together with the customer’s affidavit concerning his residence.

8. A nonresident private individual shall file a statement - translated into Hungarian - prior to the date of payment in which he declares whether he is recognized as the beneficial owner regarding such payment, if this condition has any effect on his tax liability according to the pertinent treaty on double taxation. The custodian may issue a statement, under unlimited and joint and several liability for tax, to the payer in which he declares whether the nonresident private individual is recognized as the beneficial owner. This statement shall concern the payments made under a given contract and under a given title during the calendar year until any changes in the circumstances. The payer shall correct the amount of tax if the nonresident private individual files the statement after the payment is made but before the payer files his return. In this case, the payer shall indicate in his tax return the liability established in view of the statement on beneficial ownership; he shall pay or reclaim the difference and settle the balance with the nonresident private individual. The same procedure applies where the nonresident private individual corrects his previous statement prior to filing his return. The payer shall correct his tax return by way of self-audit within the term of limitation based on a statement issued after the tax return has been filed. The payer shall be required to retain such statement.

9. If the payer pays the dividend that is due to a nonresident private individual to a proxy (nominee), the proxy shall disclose before the last day of the calendar year in which the payment was received the nonresident private individual’s name, residence address, date and place of birth, nationality, the amount of dividend paid out or payable in forints and his ownership share, in a document written in Hungarian, or in Hungarian and English and duly signed, based on which the payer shall make out the certificate and comply with its data disclosure obligation. If the proxy makes the statement following the payment of dividends, the payer shall make out and deliver the certificate within thirty days following receipt of the statement. The payer shall make out the certificate at the time of payment if the proxy provides all information required for the payer’s certificate before the dividends are actually paid out, with a certificate of domicile and a statement on beneficial ownership also attached. If the payer is unable to provide any information based on the statement on the nonresident private individual to whom dividends are paid, the same scope of information shall be provided on the proxy, including his name (corporate name), address, tax identification number if a resident, and the amount of dividend paid out.

10. If the private individual to whom dividends are paid is a nonresident, the payer may effect payment and disclose data in the absence of a tax identification number.

11. If a payer must pay tax because he provided a nonresident private individual with taxable income by means other than money, as a result of which he has paid the tax in the amount prescribed by law, the payer may show in his tax return the tax in the amount stipulated in the relevant treaty if he has sufficient proof of domicile or a statement on beneficial ownership when the tax return is filed. If the certificate of domicile or the statement on beneficial ownership is presented after the tax return is filed, the payer may correct the amount of tax by self-audit within the term of limitation and on the basis of such documents.

12. If the payer was not subject to the obligation of tax deduction or if a nonresident private individual received his income that is taxable in Hungary not from a payer, such nonresident private individual shall satisfy the obligation of declaration, and the obligation of payment of the tax and tax advance in accordance with the provisions of the Personal Income Tax Act and this Act. Concerning the assessment of tax, the nonresident private individual shall apply the tax rate as applicable pursuant to the relevant international agreement on double taxation.

13. Payers shall be under full liability for taxes deducted erroneously and those not deducted or declared.

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14. Nonresident private individuals posted to perform work in a temporary assignment at the main office or establishment of legal persons and unincorporated business associations shall file their tax return for the tax year by the 20th of May of the following year, provided that the payer was not subject to the obligation of tax deduction or if a nonresident private individual received his income, which is taxable in Hungary, not from a payer. The tax authority shall establish the tax of nonresident private individuals posted to perform work by way of resolution, if the taxpayer has left the country before the end of the tax year without any intention to return during the tax year to continue engaging in taxable activities or in gainful activities. When leaving the country the tax authority must be notified thirty days in advance, and the documents necessary to determine the tax shall be enclosed with the notification. If lodging the notice and the enclosure of documents as per the above is not possible within the prescribed time limit, this obligation shall be satisfied collectively within fifteen days of the time when they become possible.

15. Members of companies with real estate holdings are not required to declare and pay tax advance. Members of companies with real estate holdings shall assess and pay the tax by 20 November of the year following the calendar year to which it pertains, and shall declare it using the form prescribed for this purpose.

16. Where a member of a company with real estate holdings is unable to assess and declare his tax liability on account of the company’s failure to notify the state tax authority of this status, the company with real estate holdings shall be subject to unlimited and joint and several liability for any tax the state tax authority has subsequently imposed upon the member in question.

Schedule No. 5 to Act XCII of 2003

Rules on the Taxation of Persons Paying Flat-rate Tax or Itemized Flat-rate Tax

The provisions of this Act shall apply regarding the taxation of persons paying flat-rate tax or itemized flat-rate tax (hereinafter referred to collectively as “flat-rate tax”) in accordance with the Personal Income Tax Act, with the exceptions set out in this Schedule.

1. Private entrepreneurs, agricultural smallholders and private individuals providing private lodging services may select flat-rate taxation as declared in a formal statement attached to the annual tax return, filed in due time, for the previous period. Agricultural smallholders shall be entitled to declare their selection of flat-rate taxation by the filing deadline for the previous year’s return even if they are not required to file a tax return.

2. Private entrepreneurs commencing business activities, or in the case of combined operations the widow or heir shall report the selection of flat-rate taxation, respectively, upon registration or within the time limit prescribed for notification of their intention to carry on the operations. No special declaration is required if such selection is carried over into the following year.

3. The aforementioned formal statement may not be filed or withdrawn after the prescribed deadline unless the legitimate conditions for the selection of flat-rate taxation were absent at the time of filing the statement. Declarations shall contain all available data necessary for flat-rate tax classification.

4. Taxpayers shall maintain their records until the filing of the declaration described in Point 1 in accordance with the rules applicable for the previous year.

5. On the basis of such declaration, the tax authority shall enter the taxpayer in the registry of flat-rate taxpayers.

6. Any modification of or addition to the activities having an effect on flat-rate tax classification shall be reported prior to the first sale causing such change. Any circumstances precluding flat-rate taxation shall be reported within fifteen days of occurrence, with such circumstance specifically stated.

7. If flat-rate taxation is terminated during the course of the year due to the failure to fulfill statutory requirements or if the taxpayer learns of the failure to fulfill the statutory requirements for using flat-rate taxation subsequently, the taxpayer concerned shall prepare his records for the year in question in accordance with the general rules within fifteen days of the day on which the circumstance that provides the grounds for termination occurs, or the day on which the taxpayer becomes aware of such circumstance.

8. A taxpayer opting for flat-rate taxation shall establish his tax by way of self-assessment.

9. Flat-rate tax advances shall be paid by the 12th day of the month following the quarter.

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Schedule No. 6 to Act XCII of 2003

Tax Assessment, Declaration and Tax Payment Obligations of Taxpayers where the Financial Year Differs from the Calendar Year

Taxpayers whose financial year differs from the calendar year shall comply with the tax-related obligations prescribed in this Act and other relevant legislation with the following exceptions:

Taxpayers whose financial year differs from the calendar year shall satisfy their obligations concerning the assessment, declaration and payment of corporate tax, dividend tax and local business tax or tax advances in accordance with the provisions in effect on the first day of the financial year in question.

1. Obligation to file tax returns with the state tax authority
   Taxpayers shall satisfy their obligation to file tax returns concerning corporate tax and dividend tax by the last day of the fifth month following the last day of the tax year to which it pertains.

2. Tax payment obligations to the state tax authority
   a) Taxpayers shall pay the corporate tax or the difference between the tax advance and the corporate tax assessed for the tax year or request a refund by the last day of the fifth month following the last day of the tax year.
   b) Taxpayers required to pay the advance supplement according to the Act on Corporate Tax and Dividend Tax shall declare the amount of difference of corporate tax advances already declared for the tax year based on the amount estimated for the year by the 20th day of the last month of the tax year in question, and shall satisfy any payment obligation accordingly. Taxpayers required to pay the advance supplement shall pay the last monthly or quarterly tax advance for the tax year together with the advance supplement.
   c) Resident taxpayers receiving dividends may apply for a refund of dividend taxes deducted by payers as of the last day of the fifth month following the last day of the tax year.

3. Obligation to file tax returns with municipal tax authorities
   a) Taxpayers whose financial year differs from the calendar year shall file their tax returns by the last day of the fifth month following the last day of the tax year to which they pertain.
   b) Companies required to supplement the amount of corporate tax advance up to the amount of tax liability estimated for the tax year shall file a tax return on the local business tax advance supplement by the 20th day of the last month of the tax year.

4. Tax payment obligations to municipal tax authorities
   a) Taxpayers shall pay the local business tax advances in two installments: by the 15th day of the third month and the 15th day of the ninth month of the tax year.
   b) Enterprises required to supplement the amount of corporate tax advance up to the amount of tax liability estimated for the tax year shall supplement the local business tax advances up to the amount of tax estimated for the year by the 20th day of the last month of the tax year.
   c) Enterprises shall pay, or request a refund, for the difference between the tax advances and the actual tax for the tax year by the last day of the fifth month following the last day of the tax year.

5. For the purposes of Point B)1 of Schedule No. 1 to this Act, the value limits for determining the frequency of filing tax returns for the year shall be calculated on the basis of data for the second calendar year prior to the subject year.

6. If the relevant legislation prescribe that payment for the taxes falling under the scope of this Schedule must be made monthly, quarterly or biannually, the first day of the taxpayer’s financial year shall be construed as the first day of such period. The calendar position of the first day of the month of the first tax year shall be the basis for the calendar position of the first day of the months of all subsequent tax years. If the calendar position of the first day of the month of a tax year is higher than the number of calendar days in the following month, the first day of the following month of the tax year shall be the last day of the following calendar month. Within the meaning of the tax year, quarter and half-year shall consist of three and six months, respectively.

Schedule No. 7 to Act XCII of 2003

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Disclosures on Interest Payments

1. Payers shall supply to the state tax authority the following information by the 31 January of the following year using the prescribed form, electronically:
   a) their own name (corporate name) and registered address or place of business;
   b) name of the beneficial owner, his permanent residence or, in the absence of such, place of abode; if his permanent residence or place of abode is unknown, the Member State where the beneficial owner’s passport, personal identification document or any other identification document held by the beneficial owner was issued, and if available, his tax identification code issued by the Member State of residence, or in the absence of such, his place and date of birth;
   c) the payment account number of the beneficial owner or, if unavailable, identification of the debt claim giving rise to the interest; and
   d) the amount of interest paid according to the following:
      da) the amount of interest paid or credited under Point 4 a);
      db) in the case of an interest payment within the meaning of Point 4 b) or d): either the amount of interest or income referred to in those Paragraphs or, if this is unknown, the full amount of the proceeds from the sale, redemption or refund;
      dc) in the case of an interest payment within the meaning of Point 4 c), income deriving from interest payments either directly or through the UCITS referred to in Act CXCIII of 2011 on Investment Fund Management Companies and Collective Investment Trusts (Investments Act), an entity treated as a UCITS by virtue of the certificate referred to in Point 3 or a collective investment trust established outside the territory of the European Communities, or indirectly through an entity referred to in Point 3;
      dd) in the case of an interest payment within the meaning of Point 5: the amount of interest attributable to each of the members of the entity referred to in Point 3, if residents of other Member States and if considered beneficial owners.

2. For the purposes of this Schedule, ‘payer’ means any economic operator, with or without legal personality, or other organization who pays interest to or secures the payment of interest for the immediate benefit of a beneficial owner established in another Member State of the European Communities.

3. An economic operator, with or without legal personality, or other organization who pays interest to or secures interest for the beneficial owner members of an entity established in another Member State, is subject to compulsory data disclosure. This payer is also required to supply information to the state tax authority by the 20th of March of the following year by way of electronic means, and shall communicate the name and address of the entity and the total amount of interest paid to or secured for the entity, unless able to provide proper evidence of being a legal person or is subject to corporate taxation in the Member State where established or it operates as a UCITS or is recognized as a UCITS as verified by a certificate issued by the competent authority of the Member State in which the entity is established. Within the meaning of this Paragraph the following shall not be treated as legal persons:
   a) in Finland: avoin yhtiö (Ay) and kommandiittiyhtiö (Ky)/öppet bolag and kommanditbolag;
   b) in Sweden: handelsbolag (HB) and kommanditbolag (KB).

4. For the purposes of this Schedule, ‘interest payment’ means:
   a) interest paid or credited to an account, relating to debt claims of every kind, in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities; penalty charges for late payments shall not be regarded as interest payments;
   b) interest accrued or capitalized at the sale, refund or redemption of the debt claims referred to in Paragraph a);
   c) interest paid by a UCITS or an entity recognized as a UCITS by virtue of a certificate referred to in Point 3, or by a collective investment trust established outside the territory of the European Communities indirectly through an entity referred to in Point 3;
   d) income realized upon the sale, refund or redemption of shares or units in a UCITS, an entity recognized as a UCITS by virtue of the certificate referred to in Point 3 or a collective investment trust established outside the territory of the European Communities, if they invest directly or indirectly, via a UCITS, an entity recognized as a UCITS, or a collective investment trust established outside the territory of the European Communities with more than 40 per cent of their assets in debt claims as referred to in Paragraph a); this income shall be treated as realized.

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from interest only to the extent that it corresponds to gains directly or indirectly deriving from interest payments within the meaning of Paragraph a) and b).

5. Interest shall also mean any payment made by a payer referred to in Point 3 who is subject to compulsory data disclosure, to an entity referred to in Point 3.

6. When a payer has no information concerning the percentage of the assets invested in debt claims or in shares or units as defined in Point 4 d), that percentage shall be considered to be above 40 per cent.

7. When a payer has no information concerning the proportion of the income which derives from interest payments in accordance with Points 4 c)-d), the total amount of the income shall be considered an interest payment. Where he cannot determine the amount of income realized by the beneficial owner, the income shall be deemed to correspond to the proceeds of the sale, refund or redemption of the shares or units.

8. The percentages referred to in Point 4 d) shall be determined by reference to the investment policy as laid down in the fund rules or instruments of incorporation of the entities concerned and, failing which, by reference to the actual composition of the assets of the entities concerned.

9. The percentages referred to in Point 4 d) and in Point 6 shall be 25 per cent effective as of 1 January 2011.

10. For the purposes of this Schedule, ‘beneficial owner’ means any individual who is a resident of another Member State and who receives an interest payment or any individual for whom an interest payment is secured, unless he provides evidence that it was not received or secured for his own benefit, that is to say when:

   a) he acts as a payer;

   b) he acts on behalf of a legal person, an entity which is taxed on its profits under the general arrangements for corporate taxation, an entity recognized as a UCITS or an entity referred to in Point 3 and, in the last mentioned case, discloses the name and address of that entity to the economic operator making the interest payment and the entity being subject to compulsory data disclosure who is paying or securing the interest communicates such information to the state tax authority;

   c) he acts on behalf of the beneficial owner and discloses to the payer the name and address of that beneficial owner.

11. The payer shall take reasonable steps to establish the identity of the beneficial owner in accordance with Point 12 if the individual who receives an interest payment or for whom an interest payment is secured is the representative of the beneficial owner. If the payer is unable to identify the beneficial owner, it shall treat the individual in question as the beneficial owner.

12. The payer shall establish the identity of the beneficial owner as follows:

   a) for contractual relations entered into before 1 January 2004 and other transactions underlying the interest payment, the payer shall establish the identity of the beneficial owner, consisting of his name, permanent and temporary home address, by using the information at its disposal, in particular pursuant to Act XV of 2003 on the Prevention and Combating of Money Laundering and on the basis of other regulations in force; or

   b) for contractual relations entered into, or transactions carried out in the absence of contractual relations, on or after 1 January 2004, the payer shall establish the identity of the beneficial owner, consisting - in addition to the information provided under Paragraph a) - the tax identification number allocated by the Member State of residence for tax purposes established on the basis of the passport or of the official identity card presented by the beneficial owner. If it does not appear on that passport or on that official identity card, the permanent address or place of abode shall be established on the basis of any other documentary proof of identity presented by the beneficial owner with an official Hungarian translation attached. If the tax identification number is not mentioned in the passport, on the official identity card or any other documentary proof of identity, including, possibly, the certificate of domicile for tax purposes, presented by the beneficial owner, the identity shall be supplemented by a reference to the latter’s date and place of birth established on the basis of his passport or official identification card.

13. The beneficial owner’s residence shall be determined according to his permanent address or, if unknown, his place of abode. If the passport or official identity card held by the beneficial owner and issued by a Member State does not contain his permanent residence or place of abode or if he declares to be resident in a third country, residence shall be established by means of a certificate of domicile with an official Hungarian translation attached. Failing the presentation of such a certificate, the Member State which issued the passport or official identity card or any other documentary proof of identity presented by the beneficial owner shall be considered to be the country of residence.

14. For the purposes of this Schedule the transitional period shall begin on 1 July 2005 and shall end on 31 December 2010. Initially, the obligation of disclosure shall be satisfied by 20 March 2006 concerning the interest The English language translations of the regulations published on this website do not qualify as official translations issued by any Hungarian public authority and may not reflect the latest amendments made to the respective regulations. UniCredit Bank intends to but does not undertake to update this website by publishing the most recent wording of the regulations being entirely effective from time to time.
income earned subsequent to 30 June 2005. Where an interest payment that was made after 30 June 2005 contains any interest income that was earned before 1 July 2005, the disclosure shall contain only the information pertaining to interest earned after 30 June 2005.

15. During the transitional period the state tax authority shall open a euro account for receiving payments of withholding tax from Member States where this form of tax is levied on 75 per cent of the amount withheld. Within thirty days from the date when payment is received the tax authority shall transfer this payment to the beneficial owner’s tax account, plus 25 per cent, translated to forints by the official MNB exchange rate in effect on the day of transfer, if the competent authority of the Member State in question supplies sufficient information for the identification of the taxpayer, and as regards the amount withheld, or if this information is provided by the individual supported by documentary evidence with an official Hungarian translation attached. By way of derogation from the previous provisions, in connection with any interest income obtained after 1 September 2006, that is taxable in the domestic territory, the accounting of any withholding tax transferred from a Member State levying withholding tax shall take place at the taxpayer’s request. The taxpayer’s request shall contain sufficient information for the identification of the taxpayer, the amount withheld, and the official Hungarian translation of the documents which are necessary for establishing the legal title of the interest income and the time when it was acquired. The state tax authority shall comply with the taxpayer’s request if the taxpayer has satisfied his obligation of declaration and payment of any interest income that is taxable in the domestic territory.

16. Bonds and other negotiable debt securities which have been first issued on or before 28 February 2001 or for which the original issuing prospectuses have been approved before that date by the Pénzügyi Szervezetek Állami Felügyelete (Hungarian Financial Supervisory Authority), or by the competent authorities of Member States or by the responsible authorities in third countries shall not be considered as debt claims within the meaning of Point 4 a) of this Schedule, provided that no further issues of such negotiable debt securities are made after 28 February 2002.

17. However, if the transitional period is extended by law, during the time of extension the following negotiable debt securities shall not be treated as debt claims within the meaning of Point 4 a) of this Schedule:

a) which contain gross-up and early redemption clauses; and

b) where the payer is established in a Member State applying withholding tax and that payer pays interest to or secures the payment of interest for the immediate benefit of a beneficial owner resident in another Member State.

Schedule No. 8 to Act XCII of 2003

Recapitulative Statements

1. A) The taxable person liable for payment of value added tax shall submit a recapitulative statement containing:

a) his Community tax number issued by the state tax authority and, in connection with any transaction under Subsection (4) of Section 89 of the Act on Value Added Tax, the tax number of the taxable person identified for VAT purposes issued by the competent authority of the other Member State of the Community where the transaction is taxable;

b) the tax number of the persons to whom he has supplied goods and/or services or from whom he has received goods and/or services;

c) the supply of goods under Subsections (1), (3) and (4) of Section 89 of the Act on Value Added Tax to customers identified for VAT purposes in another Member State of the Community (including the case when the indirect customs representative files a declaration in his own name and on behalf of the importer in connection with the supply of goods performed by the importer);

d) the supply of goods to customers identified for VAT purposes in another Member State of the Community, to whom he has supplied goods which were supplied to him by way of intra-Community acquisitions referred to in Section 52 of the Act on Value Added Tax, and the purchase of goods from suppliers identified for VAT purposes in another Member State of the Community, which were supplied to him under Section 52 of the Act on Value Added Tax;

e) the services he has supplied under Section 37 of the Act on Value Added Tax (including payments on account) to taxable persons identified for VAT purposes in another Member State of the Community, and the non-taxable legal persons not identified for VAT purposes, that is taxable in the Member State where the transaction is carried out, and for which the recipient is liable to pay the tax;

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f) the goods he has acquired from a taxable person identified for VAT purposes in another Member State of the Community, or the services he has received under Section 37 of the Act on Value Added Tax (including payments made on account for the service in question), for which he is liable to pay the tax as being recognized as the acquirer or customer;

g) the total value of the transactions described in Paragraphs c)–f) exclusive of value added tax, broken down according to acquirers and recipients (vendors, suppliers), or the total value of the transactions conducted under Subsection (4) of Section 89 of the Act on Value Added Tax;

h) the amount of adjustment where the taxable amount is reduced subsequently under Section 77 of the Act on Value Added Tax (recapitulative statement).

B) The taxable person who is required to file a value added tax return on a monthly basis shall submit the recapitulative statement to the state tax authority each month, by the 20th day of the month following the month to which it pertains, or if required to file quarterly, by the 20th day of the month following the quarter.

C) Irrespective of the frequency of the filing requirement applicable, the taxable person required to file the recapitulative statement quarterly shall switch to filing monthly, if the total value of the goods supplied under Subsections (1) and (4) of Section 89 of the Act on Value Added Tax, and the goods supplied within the framework of intra-Community transactions according to Subsection (2) of Section 91 exceed, exclusive of value added tax, the sum equivalent to 50,000 euro. In this case, the recapitulative statement for the period when the transition took place shall cover the period beginning on the first day of the quarter and shall end on the last day of the quarter when the amount limit was surpassed, and shall be filed by the 20th day of the following month. The euro sum referred to in this Point shall be translated to forint using the conversion rate specified in Section 256 of the Act on Value Added Tax.

D) If during a period of four calendar years following the time of transition under Point C) the taxpayer does not exceed the amount limit defined therein, and if not required to file a value added tax return on a monthly basis in respect of the tax period following the fourth calendar quarter, he shall be required to submit quarterly recapitulative statement for tax period following the fourth calendar quarter.

2. Taxpayers with community tax numbers, if a legal person deemed non-taxable for the purposes of value added tax who is liable for the tax payable, taxpayers engaged exclusively in activities without entitlement to tax deduction, taxpayers claiming individual tax exemption or engaged exclusively in agricultural activities under special legal status, and taxpayers taxed under the simplified entrepreneurial taxation system shall submit the recapitulative statement on transactions conducted within the framework of intra-Community trading on a monthly basis, by the 20th day of the month following the time of the transaction in due observation of the provisions laid down in Points 1. A) and 3. A).

3. A) On the transactions (sums) referred to in Points 1 and 2 relating to intra-Community transactions a recapitulative statement shall be submitted for the period when the chargeable event took place. The sum referred to in Paragraph h) of Point 1. A) shall be indicated in the recapitulative statement submitted for the period when the person to whom the goods and services are supplied was notified of the amount of adjustment where the taxable amount is reduced subsequently under Section 77 of the Act on Value Added Tax. The amount of adjustment - if the price of the service referred to in Paragraph h) of Point 1. A) is corrected subsequently - shall be indicated in the recapitulative statement submitted for the period when the person to whom the service is supplied was notified of the amount of adjustment.

B) If the taxpayer referred to in Point 1 switches from filing the value added tax return annually to quarterly or monthly, or from quarterly to monthly according to Point 1.B/3 of Schedule No. 1 on account of having received a Community tax number or for other reasons, and becomes liable for the value added tax payable in connection with an intra-Community transaction in respect of a period that is not covered by the tax return pertaining to the transition, the taxpayer shall submit the recapitulative statement together with the tax return.

4. A) No recapitulative statement is required for any period in which the taxpayer did not engage in any intra-Community transaction.

B) For legal aspects, the recapitulative statement shall be treated as a tax return.

C) The taxpayer shall submit the recapitulative statement to the state tax authority by way of electronic means, using the standard electronic form prescribed by the state tax authority.

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5. In the application of this Schedule, ‘tax number’ shall mean - by way of derogation from Point 1 of Section 178 - in the case of Member States of the Community other than Hungary, a code comprised of letters and/or numbers assigned in the Member State to a taxable person identified in that Member State for payment of value added tax, that is considered equivalent according to the national law of the Member State affected to Article 215 of Council Directive 2006/112/EC on the common system of value added tax.

Schedule No. 9 to Act XCII of 2003

I. Provisions relating to applications for refund of value added tax

1. Applications submitted under Council Directive 2008/9/EC by taxable persons established in Hungary for the refund of value added tax charged in any other Member State of the European Community (hereinafter referred to as "VAT refund application") shall be governed by the provisions of this Act, subject to the exceptions set out under this Title.

2. A) ‘Taxable person established in Hungary’ means any person who - within the meaning of the Act on Value Added Tax - has established his business in the domestic territory or has his permanent address or usually resides in the domestic territory during the period to which the VAT refund application pertains.

   No application for refund may be submitted by any taxable person established in Hungary who:
   a) is engaged exclusively in activities without entitlement to tax deduction (Sections 85-86 and Paragraph a) of Section 87 of the Act on Value Added Tax), or
   b) has selected individual tax exemption; or
   c) is recognized as a taxpayer engaged exclusively in agricultural activities according to Chapter XIV of the Act on Value Added Tax.

B) ‘Member State of refund’ means the Member State of the European Community - other than Hungary - in which the value added tax was charged to the taxable person referred to in Point A) in respect of goods or services supplied to him by other taxable persons in that Member State or in respect of the importation of goods into that Member State.


D) The meaning of value added tax is contained in Subsection (1) of Section 258 of and Schedule No. 9 to the Act on Value Added Tax.

3. A) The taxable person shall submit the application for refund of value added tax charged in the Member State of refund by 30 September of the year following the refund period to the state tax authority by way of electronic means, using the standard electronic form made available by the state tax authority in the Hungarian and English languages.

   B) The taxable person may enter the information supplied in the application in any official language of the European Community. Where the Member State of refund specified the language or languages to be used by the applicant for the provision of information in the refund application, the application shall be made out in that language or languages.

4. A) The application shall be considered submitted if presented by the taxable person in the form referred to in Point 3. A), made out in the mandatory layout prescribed in specific other legislation in an official language of the European Community. If the Member State of refund applies Article 11 of Council Directive 2008/9/EC, and notifies the state tax authority thereof according to Article 34a (3) of Council Regulation (EC) No. 1798/2003, the applicant is required to provide a description of his business activity in accordance with Article 11 of Council Directive 2008/9/EC.

   B) The state tax authority shall notify the applicant without delay, by electronic means, of the date on which it received the application that is considered submitted.

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5. A) The state tax authority shall refuse the application within fifteen days of receipt, where either of the grounds for exclusion referred to under Point 2. A) apply to the applicant.  
B) Apart from the reasons set out in Point A) the application may not be refused on any other grounds, notice for subsequent disclosure may not be issued and the procedure may not be suspended in the first instance.  
C) The state tax authority shall deliver its resolution to refuse the application by way of electronic means.

6. A) If the application cannot be refused on the grounds indicated in Point 5. A), the state tax authority shall forward the taxable person’s application according to Article 34a (1) of Council Regulation (EC) No. 1798/2003 within fifteen days of receipt to the competent authority of the Member State of refund. If the taxable person is found in conformity according to the state tax authority’s records with the conditions set out in Point 2. A), however, he did not have a tax number on any day of the refund period, he shall notify - by way of electronic means - at the time the application is forwarded the competent authority of the Member State of refund thereof and of the time of cancellation of the tax number and - if known - of the time when the new tax number was issued.

B) The decision to forward the application may not be appealed. If the tax authority finds after forwarding the application, within the term of limitation of the right of tax assessment in its proceeding conducted ex officio that having the application forwarded violates the law, it shall so inform the competent authority of the Member State of refund by way of electronic means, and the taxable person as well.

7. A) If following the electronic notice under Point 4. B) the deductible proportion indicated in the VAT refund application is adjusted in accordance with Section 123 of and Schedule No. 5 to Act on Value Added Tax, the taxable person is required to correct the amount of refund requested.

B) The taxable person shall apply the correction in the VAT refund application submitted in the year following the refund period to which the adjustment pertains, or failing this in his statement submitted to the state tax authority by way of electronic means (statement of correction).

C) The standard electronic forms to be used for such statements of correction, and in terms of language requirements the provisions of Point 3 shall apply mutatis mutandis. A statement of correction shall be considered submitted if presented by the taxable person in the form referred to in Point 3. A), made out in the mandatory layout prescribed in specific other legislation in an official language of the European Community.

D) The state tax authority shall forward a statement of correction that is considered submitted without substantive examination, by way of electronic means to the competent authority of the Member State of refund indicated in the application, and shall simultaneously notify the taxable person, by electronic means, of the date on which it received the statement of correction.

8. If the VAT refund application (statement of correction) is submitted while participating in or in respect of the group taxation arrangement, for the purposes of Point 2. A) the member of the group taxation arrangement shall be treated as a taxable person established in Hungary. At the time of forwarding the said member’s refund application (statement of correction), submitted in his capacity as a taxable person established in Hungary, as referred to in Point 6. A), the state tax authority shall inform by way of electronic means the competent authority of the Member State of refund to the extent that:

a) the member’s Hungarian VAT identification number - in effect at the time the application was submitted, or as applicable to the refund period - is a group identification number, and

b) the member is entitled to submit a VAT refund application (statement of correction) irrespective of taking part in the group taxation arrangement.

9. A) The mandatory layout and format of value added tax refund applications and statements of correction specified in Point 7, including optional information and the instructions for filling them out are laid down in specific other legislation.

B) For the purposes of this Title, the provisions pertaining to electronic communication conducted in accordance with Subsection (3) of Section 5 of this Act through the customer port of entry and the central electronic services network shall apply.

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II. Provisions relating to the entitlement of taxpayers established in another Member State of the Community and taxpayers established in a third State for exercising the right to claim value added tax refund in Hungary

1. The procedures relating to the value added tax refund applications of taxpayers established in another Member State of the Community or in a third State, as defined in the Act on Value Added Tax (hereinafter referred to as “taxpayer”), and relating to their statements of correction (hereinafter referred to as “application”) the provisions of this Act shall apply subject to the exceptions set out under this Title.

2. For the purposes of this Title:
   a) ‘electronic communication’ shall mean a means of communication conducted electronically in accordance with Subsection (3) of Section 5 of this Act through the customer port of entry and the central electronic services network;
   b) ‘communication via electronic mail’ shall mean a mode of communication, other than electronic communication, where
      ba) the state tax authority transmits its decision relating to the application, as well as other notices to the electronic mail address the applicant has supplied in the application executed by means of an electronic signature in conformity with the requirements for administrative procedures, or
      bb) the taxpayer shall transmit his application, if sent to the state tax authority by way other than via the tax authority of the Member State of establishment, from the electronic mail address indicated in his application to the electronic mail address specified by the state tax authority;
   c) if the taxpayer or his representative, according to the state tax authority’s records:
      ca) has been registered as per Subsection (5) of Section 17 of this Act, and if having notified the state tax authority thereof, the provisions on electronic communication shall apply,
      cb) failed to satisfy the condition set out in Subparagraph ca) of Paragraph 2 of Point 2, the taxpayer shall be applied according to the taxpayer’s selection.

3. The state tax authority shall notify the applicant - if able to meet the condition referred to in Subparagraph ca) of Paragraph c) of Point 2 - within two days, by electronic means, of the date on which it received the application according to Subsection (2) of Section 251/D of the Act on Value Added Tax. In the notice the state tax authority shall inform the taxpayer concerning the key rules applicable (such as deadlines and the mode of communication with the authority).

4. In connection with a taxpayer who meets the condition referred to in Subparagraph cb) of Paragraph c) of Point 2, the state tax authority shall send the notice referred to in Point 3 by way of electronic communication. In this case the state tax authority shall, furthermore, inform the taxpayer concerning the electronic mail address mentioned in Subparagraph bb) of Paragraph b) of Point 2, and of the fact if neither the taxpayer nor his representative is found in compliance with the condition set out in Subparagraph ca) of Paragraph c) of Point 2.

5. The taxpayer shall communicate his selection under Subparagraph cb) of Paragraph c) of Point 2 within fifteen days of receipt of the application, to the state tax authority via electronic mail. If the taxpayer has selected electronic communication, the taxpayer or his representative shall make the notification referred to in Subsection (5) of Section 17 of this Act to the state tax authority within thirty days of the time of receipt of the application. The deadline for the aforesaid selection and for filing the notice as per Subsection (5) of Section 17 shall apply with prejudice; no application for continuation shall be accepted upon missing the deadline.

6. If the taxpayer fails to make the selection under Point 5 in due time, or if the taxpayer or his representative fails to file to notice referred to in Point 5 in due time, the proceedings relating to the application shall be conducted in the first instance by way of communication via electronic mail.

7. If the taxpayer reports to the state tax authority the termination of his electronic mail address indicated in the application, the proceedings may not be continued by way of communication via electronic mail.

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notice, the state tax authority shall communicate its decisions and other notices to the taxpayer by post, and the taxpayer shall communicate his notices to the state tax authority by post or in person.

8. If, in the absence of the taxpayer’s notice, the state tax authority discerns from the information at its disposal that communication via the electronic mail address the taxpayer has supplied in the application is not possible due to technical or other reasons (hereinafter referred to as “failed communication”), the provisions contained in Point 7 shall apply after communication has been declared to have failed. The state tax authority shall deliver any decision or notice affected by the failed communication to the taxpayer by post at the time when the decision to declare communication to have failed is adopted. The decision to declare the communication to have failed may not be appealed.

9. In the case of communication via electronic mail:
   a) the decision and other notice sent by the state tax authority according to Subparagraph ba) of Paragraph b) of Point 2 shall be deemed served on the fifth day following to the time of dispatch; and
   b) the notices sent by the taxpayer to the state tax authority according to Subparagraph bb) of Paragraph b) of Point 2 shall be deemed submitted on the day of receipt.

10. The state tax authority shall notify the taxpayer without delay, by way of communication via electronic mail, of the date recognized as the time of delivery of its decisions and other notices, or as the time of submission of the taxpayer’s notices.

11. The matters relating to proceedings conducted by way of communication via electronic mail, which are not regulated in this Title - apart from the provisions relating to electronic communication set out in Subsections (1) and (2) of Section 7 of this Act - the provisions of this Act shall apply. The provisions of the act on the service of official documents by electronic means and on the acknowledgement of receipt by electronic means shall not apply to proceedings conducted by way of communication via electronic mail.

Schedule No. 10 to Act XCII of 2003

Special Regulations Pertaining to Taxpayers Established Outside the European Communities

1. The taxation of taxpayers established outside the European Communities (hereinafter referred to in this Schedule as “taxpayer”) shall be governed by the provisions of this Act with the exceptions set out in this Schedule.

2. Taxpayers shall apply to the state tax authority for an identification code by way of electronic means, prior to the commencement of the activities referred to in Subsection (3) of Section 3 of this Act consisting of:
   a) the applicant’s name;
   b) the applicant’s mailing address, electronic addresses (including electronic mailing and domain addresses);
   c) the applicant’s tax identification number for his home state, if any;
   d) the name, address and phone number of the applicant’s executive officer and other personnel assigned to communicate with the tax authority;
   e) the applicant’s declaration of not being registered in the records of the tax authority of another Member State of the European Communities;
   f) the date of commencement of the activities referred to in Subsection (3) of Section 3 of this Act;
   g) a description of the services he provides by electronic means.

3. Taxpayers shall notify the state tax authority by electronic means of all changes made in their particulars on record within fifteen days of the effective date of the change.

4. The tax authority shall register taxpayers upon receipt of their notification, issue their identification numbers and shall notify them accordingly by electronic means.
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6. The state tax authority shall remove from the register of taxpayers established outside the European Communities, to whom it has issued an identification code:
   a) the taxpayers upon receipt of their notification to the effect that they no longer provide electronically supplied services, as of the date of notification;
   b) the taxpayer who no longer satisfies the requirements laid down in this Act for taxpayers established outside the European Communities, as of the date of becoming cognizant of this;
   c) the taxpayers failing to meet their tax liabilities two consecutive times, as of the 20th day of the month following the second tax assessment period.

7. Taxpayers shall submit a tax return for their value added tax liabilities quarterly by the 20th day of the month following the current quarter by electronic means with an electronic signature. Taxpayers shall fulfill their obligations to be discharged by way of electronic means with electronic signatures in compliance with the requirements specified for electronic signatures accepted in administrative proceedings.

8. The tax return shall indicate the taxpayer’s:
   a) name;
   b) identification number;
   c) the value of services showing separately for the Member State in which they were provided in the quarter, exclusive of value added tax, and the amount of value added tax in euros;
   d) the tax rates applied;
   e) the full amount of value added tax payable in euros;
   f) an indication of the quarter to which the tax return pertains.

9. Taxpayers shall effect payment of value added taxes in euro by way of credit transfer, by the deadline prescribed for filing the tax return.

10. The records of taxpayers prescribed in Section 44 shall have sufficient facilities for an audit to be conducted by the tax authority of a Member State of the European Communities. Taxpayers shall convey such records by electronic means when so requested. Taxpayers shall retain these records for ten years from the last day of the year when providing electronically supplied services.

11. With the exception of notifications, with regard to other aspects of the tax liabilities under this Schedule, the provisions of specific other legislation governing compliance with tax liabilities by electronic means shall apply mutatis mutandis.

Schedule No. 11 to Act XCII of 2003

The Meaning of Income, Profit and Wealth Tax and Tax on Insurance Premiums as Used in the Member States of the European Community

I. In the application of Paragraph b) of Subsection (1) of Section 57 of this Act, the meaning of “income, profit or wealth tax” as used in the Member States of the European Community is the following:

1. In the case of the Kingdom of Belgium: Impôt des personnes physiques/Personenbelasting, Impôt des sociétés/Vennootschapsbelasting, Impôt des personnes morales/Rechtspersonenbelasting Impôt des non-résidents/Belasting der niet-verblijfhouders;

2. In the case of the Republic of Bulgaria: данък върху доходите на физическите лица, корпоративен данък, данъци, удържани при източника, алтернативни данъци на корпоративния данък, окончателен годишен (патентен) данък;

3. In the case of Cyprus: Φόρος Εισοδήματος, Έκτακτη Εισφορά για την Άμυνα της Δημοκρατίας, Φόρος Κεφαλαιαγοράς Κερδών, Φόρος Ακίνητης Ιδιοκτησίας;

4. In the case of the Czech Republic: Daň z příjmů, Daň z nemovitostí, Daň dědictvá, daň darovací a daň z převodu nemovitostí, Daň z přidané hodnoty, Spotřební daň;

5. In the case of the Kingdom of Denmark: Indkomstskat til staten, Selskabsskat, Den kommunale indkomstskat, Den amts kommunale indkomstskat, Folkepensionsbidragene, Somandsskat Den sarlige indkomstskat, Kirkeskat, Formueskat til staten, Bidrag til dagpengefonden;

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6. In the case of the United Kingdom: Income tax, Corporation tax, Capital gains tax, Petroleum revenue tax, Development land tax;
7. In the case of the Republic of Estonia: Käibemaksu; Tulumaks, Sotsiaalmaks, Maamaks;
9. In the case of the Republic of France: Impôt sur le revenu, Impôt sur les sociétés, Taxe professionnelle, Taxe fonciere sur les propriétés bâties, Taxe fonciere sur les propriétés non bâties;
10. In the case of the Hellenic Republic: Φόρος εισοδήματος φυσικών προσώπων. Φόρος εισοδήματος φυμικών προσώπων. Φόρος ακινήτου περιοχής;
11. In the case of the Kingdom of the Netherlands: Inkomstenbelasting, Vennootschapsbelasting, Vermogensbelasting;
12. In the case of Ireland: Income tax, Corporation tax, Capital gains tax, Wealth tax;
13. In the case of the Republic of Poland: Podatek dochodowy od osób prawnych, Podatek dochodowy od osób fizycznych, Podatek od czynności handlowych, Podatek od czynności cywilnoprawnych;
14. In the case of the Republic of Latvia: ledzvotāju ienākuma nodoklis, Necustamā īpa uma nodoklis, Uzgēmumu ienākuma nodoklis;
15. In the case of the Republic of Lithuania: Gyventojų pajamų mokestis, Pelno mokestis, Įmonių ir organizacijų nekilnojamojo turto mokestis, ėmams mokestis, Mokesčių u. valstybinio gamtos ištekliai, Mokesčių u. aplinkos ter imL Naftos u. dujų iš teiktių u. kalkulējama procesē;
17. In the case of the Republic of Malta: taxa fuq l-income;
18. In the case of the Federal Republic of Germany: Umsatzsteuer (USt); Einkommensteuer, Körperschaftsteuer, Vermögensteuer, Gewerbesteuer, Grundsteuer;
19. In the case of the Republic of Italy: Imposta sul reddito delle persone fisiche, Imposta sul reddito delle persone giuridiche, Imposta locale sui redditi;
21. In the case of the Portuguese Republic: Contribuição predial, Imposto sobre a indústria agrícola, Contribuição industrial, Imposto de capitais, Imposto profissional, Imposto complementar, Imposto sobre o rendimento do petróleo, Os adicionais devidos sobre os impostos precedentes;
22. In the case of Romania: impozitul pe venit, impozitul pe profit, impozitul pe venituriile obținute din România de nerezidenți, imposizion per venituriile microintreprinderilor, imposizion per clădiri, imposizion per teren;
23. In the case of the Kingdom of Spain: Impuesto sobre la Renta de las Personas Físicas, Impuesto sobre Sociedades, Impuesto Extraordinario sobre el Patrimonio de las personas Físicas;
24. In the case of the Kingdom of Sweden: Den statliga inkomstskatten, Sjömansskatten, Kupongskatten Den särskilda inkomstskatten för utomland bosatta, Den särskilda inkomstskatten för utomland bosatta artister m.fl., Den statliga fastighetsskatten, Den kommunala inkomstskatten, Förmögenhetsskatten;
25. In the case of the Slovak Republic: daň z príjmov fyzických osôb, daň z príjmov právnických osôb, daň z dedičstva, daň z darovania, daň z prevodu a prechodu nehnuteľností, daň z nehnuteľností, daň z príjmov z dodané hodnoty, spotrebné dane;

II. In the application of Paragraph d) of Subsection (1) of Section 57 of this Act, the meaning of “tax on insurance premiums” as used in the Member States of the European Community is the following:
1. In the case of the Kingdom of Belgium: taxe annuelle sur les contrats d’assurance, jaarlijkse taks op de verzekeringscontracten;
2. In the case of the Republic of Bulgaria: -;

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3. In the case of Cyprus: -;
4. In the case of the Czech Republic: -;
5. In the case of the Kingdom of Denmark: afgift af lystfartojsforsikringer, afgift af ansvarsforsikringer for motorkoretojer v., stempelafgift af forsikringsprimier;
6. In the case of the United Kingdom: insurance premium tax (IPT);
7. In the case of the Republic of Estonia: Käibemaksu;
8. In the case of the Republic of Finland: eräistä vakuutusmaksuista suoritettava vero/skatt pa vissa försäkringspremier, palosuojelumaksu/brandskyddsavgift;
9. In the case of the Republic of France: taxe sur les conventions d’assurances;
10. In the case of the Hellenic Republic: Φόρος κόσκολον εργασίων (Φ.Κ.Ε), Τέλη Χαρτοσήμου;
11. In the case of the Kingdom of the Netherlands: assurantiebelasting;
12. In the case of Ireland: levy on insurance premiums;
13. In the case of the Republic of Poland: -;
14. In the case of the Republic of Latvia: -;
15. In the case of the Republic of Lithuania: -;
16. In the case of the Grand Duchy of Luxembourg: impôt sur les assurances, impôt dans l’intérêt du service d’incendie;
17. In the case of the Republic of Malta: taxxa fuq dokumenti u trasferimenti;
18. In the case of the Federal Republic of Germany: Umsatzsteuer (USt); Versicherungssteuer, Feuerschutzsteuer;
19. In the case of the Republic of Italy: imposte sulle assicurazioni private ed i contratti vitalizi di cui alla legge 1967.10.29. no 1216;
20. In the case of the Republic of Austria: Versicherungssteuer, Feuerschutzsteuer;
21. In the case of the Portuguese Republic: imposto de selo sobre os prémios de seguros;
22. In the case of Romania: -;
23. In the case of the Kingdom of Spain: impuesto sobre las primas de seguros;
24. In the case of the Kingdom of Sweden: -;
25. In the case of the Slovak Republic: -;

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